

NEWS SUMMARY

GENERAL

Army backs coup in Peru

In what appeared to be a bloodless coup which hardly disturbed the tranquillity of the country, Peru's all-time President Juan Velasco Alvarado was toppled yesterday by his Prime Minister, General Francisco Morales Bermudez.

General Morales appears to have the support of the army and the air force, though there is some doubt about the position of the navy. General Morales is expected to strengthen the Left-wing policies of the army and the Government. Foreign Ministers of the non-aligned countries have been meeting in Lima during the past week. Back Page

BUSINESS

Gilts firmer; equities put on 5

● EQUITIES continued firm, and the sharp advance overnight on Wall Street helped to keep up buying interest. The FT 30 share index closed 5.2 up at 327.6, making a rise of 48.3 over the past three weeks.

● GILTS came into their own, buoyed by hints that U.S. interest rates had peaked. Gains were up to 1 in longs by the close and the Government Securities Index rose 4.1 to 61.29, its highest since April 1.

● THE POUND gained 10 points to \$2.120, its depreciation improving to 27.5 per cent. (27.6) and the dollar's 2.51 per cent. (2.52).

● GOLD sold \$21 to \$199 on lack of demand.

● WALL STREET closed 5.87 up at 325.34.

● TREASURY BILLS attracted applications for £1.3bn. for \$450m. offered, both figures a record. The average rate fell from 10.425 per cent. to 10.35 per cent. Bank of England minimum lending rate is unchanged at 11 per cent, but the Finance House's base rate goes up 0.5 per cent. to 10.5 per cent. on Monday.

● CANNON STREET Acceptance's debts totalled £24.1m. and assets above, which were insufficient to meet the claims of preferential creditors and debenture holders, according to the Official Receiver. (Page 11.)

● In Scotland, the liquidator has been called in to Clyde Valley Estate, which has collapsed owing £350,000. (Page 9.)

Portugal: new Premier

Admiral Jose Pinheiro de Azevedo, head of the navy, was last night named Prime Minister of Portugal in place of General Vasco Gonçalves, according to a Presidential statement.

BBC man's wife killed in crash

The 37-year-old wife of broadcaster David Jacobs was killed in a road accident in Spain yesterday. The wife of Mr. Richard Marsh, chairman of British Rail, was critically injured in the crash but the two men were not seriously hurt. The couples were travelling together on holiday when the collision with a lorry occurred.

Quit move on MP

Moderate Labour MP Frank Tomney last night heard his constituency party recommend a proposal that he be sacked should go ahead. Hamworthy North Labour Party executive committee resolved by 14 votes to three to refer a proposal to the general management committee that he should retire at the next election.

Rebel walk-out

The 11 former Clay Cross rent rebels walked out of Chesterfield County Council yesterday when they were due to answer a creditor's petition in bankruptcy. They did so after one, Mr. Graham Skinner, was refused an adjournment to arrange legal representation. Resolving orders were issued in their absence. Page 15.

Hospital 'error'

Farborough hospital has admitted that Robert Quickenden, 18, had suffered suspected brain damage because of an "error of judgment" during an operation.

Sinal hold-up

The Kissinger shuttle negotiations recessed in Jerusalem last night with the TUC policy terminology problems for some of the Sinai accord clauses could hold up initialing until next week. Robert Graham Page 9

Sailing orders

Their orders were summed up by the Royal Navy in three words. On leaving moorings at Sheerness tomorrow they will be told: "You are to proceed to Australia." They are the vessels taking part in the Financial Times Clipper Race. Page 15, Feature Page 10

People and places

Publishers of the book Crime in Britain Today which claims either Mr. Heath or Mr. Wilson arranged for detectives to burglar a senior politician's flat, have apologised and advised booksellers to delete the "unfounded" passage.

England were 19.0 in reply to Australia's first innings total of 323.4 declared at the close of the second day of the final Test at The Oval. Page 15

COMMODITIES

● NICKEL price has risen nearly 10 per cent. on world markets. The European price goes up from \$4,531 to \$4,950 a tonne, but will not be applied in Britain until October 1.

● CHRYSLER U.K. and BRITISH LEYLAND have made significant progress towards the introduction of worker-participation. At Linwood, Chrysler has agreed to continue talks about proposals and at Coventry a joint working party is to be held early next month to put the final touches to BL's scheme. (Back Page.)

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Treasury 11pc 77-1101	1	1	1
Treasury 12pc 1995-1997	1	1	1
Aberdeen Inv.	357	14	14
Armstrong Shanks	45	5	5
Barratt Dev.	98	6	6
Beecham	303	8	8
Black & Edgington	117	10	10
Bats	122	12	12
Cavenham	138	6	6
Coleman (R.)	193	6	6
Gill and Duffus	127	7	7
Glaxo	360	12	12
London Carrier	83	7	7
ICI	270	3	3
Lloyds Bank	228	8	8
Nairn Williamson	57	5	5
Powell Duffryn	108	7	7
Rank Org. "A"	135	10	10
Rank Smith "A"	138	8	8
FALLS			
British Leyland	48	4	4
Ocean Resources	24	4	4

France seeks talks on European aerospace links

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

France has invited the U.K., West German and Dutch Governments to joint discussions on the whole question of future aerospace collaboration in Western Europe, particularly the next generation of civil airliners.

A letter from M. Marcel Cavallé, the French Minister of Transport, who has been charged by the French Government with responsibility for future aerospace affairs, was received by Mr. Eric Varley, Secretary for Industry, this week.

The U.K. is now considering its response, but this is almost certainly expected to be favourable. The U.K.'s view is that there is everything to be gained, and nothing to lose, by such a meeting, especially since it is not likely to involve any major cash commitments at this stage.

The French initiative is important because it breaks what appeared to be developing into a deadlock at government level on what to do about the future of aerospace in Western Europe.

It follows internal French discussions between the Government and such manufacturers as Aerospatiale on future civil programmes, and reflects the French Government feeling that despite Aerospatiale's own strong interest in developing its own future medium-range airliner design, the AS-200, there should be a wider exploration of all problems and prospects for civil aircraft development.

There had been fears in other Western European countries that, following the speech by M. Jacques Chirac, French Prime Minister, at the Paris Air Show in June, that it was intended to ensure continuation of a strong French aerospace industry, a "go-it-alone" situation would emerge in both civil and military affairs.

The French now appear to have recognised that the heavy costs of developing new civil projects, in particular, are such that a joint approach is preferable.

At this stage, there is no indication as to when any meeting of officials will take place, but it is not expected to be long delayed, and could be held during September. It seems likely that its principal outcome will be to order the major companies to submit a detailed joint report on future possibilities.

They are effectively already in a position to do this, since through the Group of Six (comprising British Aircraft Corporation, Hawker Siddeley Aviation, Aerospatiale, VFW-Fokker, Messerschmitt-Bölkow-Blom and Dornier) they have already gone a long way towards drawing up a specification for a future all-European 170-200 seat medium-range airliner that would meet the needs of the major airlines.

Beneath this specification, some of the companies see an additional requirement for a smaller 140-seat airliner, that could take the form of a

Bonn scheme to reduce budget deficit agreed

BY JONATHAN CARR

THE WEST GERMAN Government announced a wide-ranging programme to-day aimed at reducing the large budget deficit substantially over the next few years. It involves savings, higher unemployment insurance contributions and, eventually, higher taxes. Despite the programme, the Government will have to seek more credit next year than this.

The plan was outlined to the Press by Herr Hans Apel, the Finance Minister, and Herr Hans Friedrichs, the Economics Minister, following Cabinet discussions which went on into the early hours of the morning. The result was immediately criticised by the Federation of German Industries, which said it meant yet another addition "to costs which employers could ill afford."

The need for such a programme has become increasingly urgent. Unemployment in this recession year has constantly had to revise upwards its estimate of expenditure—for unemployment

benefit among other things—and revise downwards its expectations from tax revenue. The upshot has been a supplementary Budget and a total credit of 16.5 per cent. This means Government alone of DM37.9bn.

Change in law

Under the new plan budget expenditure will rise by only 4.1 per cent. in nominal terms next year, against an increase this year of 16.5 per cent. This means reductions even in nominal terms in the individual Budgets of many Ministries, including Economics, Agriculture, Development, Education and Urban Development. Against this the Labour Ministry will have 8.5 per cent. more and Defence 1.5 per cent.

The 1976 Budget will total DM65.1bn., a reduction of DM5.1bn. against the sum envisaged in the medium-term finance plan up to now. Because some reductions involve cuts in expenditure already approved by Parliament, a special "Law to Improve Budget Structure" is to be proposed early next month.

As well as taking these savings measures, the Government has announced that unemployment insurance contributions will be increased from January 1. At present these contributions total 2 per cent. of wages or salaries, half paid by employer and half by employee. The contribution is to be increased to 3 per cent. estimated to bring in DM3.5bn. next year.

Finally, the rate of value-added tax is to be raised from January 1, 1977 by 2 per cent. to 13 per cent. This should bring the Federal Government's DM10m. more. At the same time tax on tobacco will be increased by 18 per cent. and on spirits by 20 per cent. (expected extra intake from both, DM1.2bn. Herr Friedrichs was among those in the Cabinet who suggested the

Portugal suspends Angola pact

BY JANE BERGEROL

PORTUGAL to-day "temporarily suspended" the Alvor independence agreement laying down conditions for Angolan independence.

The move was immediately condemned by Dr. Agostinho Neto's Socialist Popular Movement for the Liberation of Angola (MPLA), but was explained by Lisbon on the grounds that the transition Government of all three rival Angolan liberation movements fell apart two weeks ago.

The cancellation, albeit temporary, of the accord is being interpreted here as opening the way to a new formula for the transition to independence, which would deal essentially with the MPLA and Dr. Jonas Savimbi's UNITA, ostracising Dr. Holden Roberto's National Front for the Liberation of Angola (FNLA).

Talks ended in Lisbon to-day between Angola's two most popular liberation movements, MPLA and UNITA.

While no official communiqué was issued, the two movements are understood to have reached agreement on a ceasefire between their troops and on establishing a common platform to work towards peaceful decolonisation.

One of the crucial points of the agreement and one unlikely to be made public concerns the future shape of the transition government.

Sources close to the Lisbon decolonisation committee are suggesting that a new formula will include only members of these two movements and not FNLA representatives.

At a Press conference this evening, UNITA was at pains to distinguish between "the real representatives of the Angolan people" and "the enemies of the Angolan people, who are opening the door to imperialist interests from Africa and the rest of the world."

Unita stressed the MPLA was forces there.

A "brother liberation movement," but significantly failed to mention FNLA as a possible future party to negotiations, would elaborate on the possibility of their turning now to negotiate a settlement with the Zaire-based movement.

Highly-placed Portuguese sources confirmed that an airlift of arms for FNLA troops was in progress in the north by Sky-master aircraft coming from Zaire.

In Southern Angola, the MPLA's South African allies have advanced further across the border as far as the provincial capital of Cunene Province (Peraire de Eca), which they say they have attacked.

A South African spokesman here confirmed that no Portuguese troops are in the area and that only MPLA is present in the region. Any strength, their army having defeated UNITA forces there.

Cigarette tar yield to appear on packs

BY SANDY McLAHLAN

THE TOBACCO industry has bowed to increasing Government pressure and has agreed in principle to print tar yield information on cigarette packs in addition to the Government health warning.

This represents an about-turn by the companies, which have previously argued that the legal and technical difficulties involved were too great to be overcome. However, earlier this month, Dr. David Owen, the Minister of Health, threatened tougher statutory control on cigarette production and marketing if voluntary agreement could not be reached. This has apparently persuaded the industry to seek ways of overcoming the problems.

Advertising

They have also given way on cinema advertising—there will be no brand advertising except during X films.

In the past the companies have argued forcibly that to print tar yields on cigarette packets could cause the companies, however inadvertently, to contravene the Trade Descriptions Act. They have taken the stand that they cannot guarantee the actual tar yield accurately in any single packet of cigarettes, and that in marginal cases the actual tar content might put a packet of cigarettes into a different rating category from the one printed on the packet.

A further difficulty is that the tar yields of each brand of cigarettes is calculated by a series of tests on samples collected over a six-month period. The published yield, therefore, is historic, and offers no guarantee that brands on sale to-day match it exactly.

No estimate

The technical and commercial difficulties are more straightforward. As a matter of policy, most tobacco groups are constantly changing the tar content, and this in future would involve relatively frequent changes in packaging. Most cigarette tar today contain less tar than their equivalent of ten or 20 years ago.

The Tobacco Advisory Committee yesterday could give no estimate of the likely cost to the industry of publishing the new information. In some cases it may be considerable if existing stocks of packaging materials are rendered obsolete. New-style packs are likely to be introduced progressively over the coming months.

Man killed in London bombing

FINANCIAL TIMES REPORTER

A man was killed in a fresh bomb outrage in London last night. There was an explosion at the K. Shore shop in Kensington Church Street shortly after ten o'clock after a bomb disposal man was seen walking towards the area.

According to a report, police had cordoned the area beforehand. It was thought no one else was injured. This is the third blast in the London area within three days.

Scotland Yard's Special Branch believes that the terrorists responsible for the earlier Caterham and Oxford Street explosions are an IRA active service unit who have been in the London area for quite some time.

Frustrated and disgruntled at the absence of command during the ceasefire, they are acting on their own initiative.

Two men interviewed by police in London yesterday were "not relevant to our inquiry," said Det. Chief Supt. Walter Simmons, head of Surrey CID, investigating the Caterham bombing.

Pressure on Rees

BY GILES MERRITT DUBLIN, August 29.

LOYALIST PRESSURE on Mr. as to the condition of the Provisional IRA's ceasefire. It is with calls for his resignation following the Rev. Ian Paisley's claim that he holds proof of a ceasefire deal between the Provisional IRA and the British Government guaranteeing the Provost's Chief-of-Staff immunity from arrest.

His allegations are also expected to mark a further deterioration in Anglo-Irish relations. Fresh strain was placed on them yesterday when Ireland's Premier, Mr. Liam Cosgrave, implicitly criticised Britain's security policy in Ulster by urging "effective action" against sectarian terrorists.

The Dublin Government is known to have been suspicious of a pact between Sinn Féin and the Provisionals (in some time Mr. Paisley's production of copies of a Royal Marines intelligence document dated June 16 that apparently supports the persistently strong rumors of a deal in which one of the British concessions was the free movement of Provost leaders, has not eased Dublin's mistrust.

It is possible that former Irish President Eamon de Valera's State funeral here on Tuesday will now provide the opportunity for an informal high-level summit on the Ulster question.

The two consecutive alphas of bombing in Britain and a spate of four petrol bomb attacks on Garda police stations in the Republic this week are now raising serious doubts in Dublin as to the condition of the Provisional IRA's ceasefire.

Predictably, the bombings and the growing number of attacks on Protestants in Northern Ireland is fuelling loyalist anger. Mr. Harold McCusker, MP for Armagh, has demanded the establishment of martial law in the South Armagh area and it is certain that Democratic Unionist Party leader Mr. Paisley will whip loyalist paramilitary defiance of Mr. Rees's security policy to dangerous levels in the next few days as he makes political capital of his "proof" that Mr. Rees secretly guaranteed Mr. Twomey his liberty.

De Valera Obituary, Page 9

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Your savings and investments

Equity & Law backs the rebels

BY ERIC SHORT

WHEN THE Life Offices Association and the Associated Scottish Life Offices announced their new premium-related commission scale last month, it was hoped that the non-member life companies would fall into line. That hope was shattered this week when Equity and Law revealed its intentions towards the change.

The LOA scale is to be 24 per cent of the premium for each premium paying year of the contract so that the commissions increase with the lengthening term of policy. The maximum commission is fixed at 60 per cent, so the cut off point is 24 years. Equity and Law has chosen the same annual rate, but made the cut-off point at 50 years, giving a maximum commission rate of 125 per cent.

The selling implications of such a change are obvious. Equity and Law will be paying intermediaries more than double the commission for whole life contracts on young lives, compared with member companies of the LOA and ASLO.

The essential point of making the change in determining initial commission was to remove the very high amounts payable on such policies inherent in the present 22 per cent of sum assured. This was incongruous in itself and provided a strong incentive for overselling. To be fair the Equity and Law's scale has cut commission by as much as half, for whole life non-profit policies which can be 250 per cent of the premium.

But the main opposition to the LOA's proposals came from the intermediaries who are most concerned with marketing long-term contracts—the mortgage brokers who sell cover and repayment for house mortgages on a long-term basis and the provincial high street broker, who in many cases has orientated his selling towards the protection with a whole-life contract as the main vehicle. They welcome the move of Equity and Law, since the extra commission is unlikely to make the company's premium rates uncompetitive.

One likely effect of the new LOA scale is to make brokers rethink the use of the whole life non-profit policy as the off-the-peg contract to provide life protection. As was pointed out in this column a few weeks ago, the combination of an endow-

ment policy with a convertible term can be a better proposition in many circumstances. Now the danger is that those brokers wedded to the whole-life contract will endeavour to place business with companies like Equity and Law, paying higher than the market rate for the business.

Equity and Law, in describing why it is taking this decision, says that the LOA system does not adequately remunerate the intermediary for placing long-term business. This argument was put forward by the opponents of the changes, but I have not seen any detailed explanation as to why more work is involved and more expense incurred in placing a whole life contract compared with a 10-year endowment assurance. This could well be the case, but a detailed explanation would be welcome if only to demonstrate that the consumer's interests are placed first.

Equity and Law is the only non-member company which has been long established. The others are the new unit-linked companies. Although many of them do transact whole-life non-profit business, it is very small and few brokers at present use them to place this type of business. But this could change if they keep their present commission rates, which compare favourably in some cases with the new LOA scale.

We live in times when consumer protection is uppermost in people's minds and it played an important part in the framing of the new LOA commission scales. But the intermediary is entitled to a decent return on the business placed and Equity and Law feel that the LOA is being unduly harsh over the longer term contracts.

Nevertheless, its action could come under scrutiny by the Department of Trade, the Prices Commission and the Office of Fair Trading. Government control of the life assurance industry is growing and could well spread to control of commissions payable.

Whether this would be in the long term interests of the consumer is questionable, even if it saved him money in the short term. Life assurance is sold rather than bought and if there are no independent intermediaries, the consumer is restricted

in his choice of products. The commissions story has not ended yet.

UNIT-LINKED Sales recovery

ONE OF the most incongruous aspects of inflationary periods is that the volume of savings tends to rise—and despite growing unemployment—the unit-linked life assurance companies proved this week that they are getting

their share of the cake. One had suspected that life assurance sales were rising (life companies have been talking about recovery recently) but the scale of the upturn was surprising. This was particularly the case with single-premium bonds where sales for the second quarter of this year were 66 per cent higher than in the first quarter. But regular premiums were not left out of the picture with a 27 per cent rise on the quarter.

There also seems to be some what of a split between the companies which are doing well out of single premiums and those which have not seen much increase in their bond business, but are doing well with regular premiums. Abbey Life and Save and Prosper fall into the first category, while Property Growth and Hambro Life are firmly in the second. Where Abbey is concerned, the uplift mainly hinges on the upturn in the property bond business.

European open-end

BY CHRISTOPHER HILL

FOLLOWING our rather grim comments last week on the fortunes of investment trusts which specialise in European investments, it was coincidental that the annual report of the Warburg-sponsored Common Market Trust appeared this week.

Since it was launched in August 1973 it has been something of a lone wolf as a Jersey-based European fund with an "open-end" structure (able to issue and buy back its shares), for it has tended to be left out of comparisons with investment trusts which were launched with the same objectives—because of its then rather original structure. The structure now has imitators in Abacus Arbuthnot and Schieffelin with their recently launched funds, but CMT is still largely out on its own, though it is probably best compared with similarly-orientated unit trusts.

On this basis, it has been one of the best performers over the three year period as the accompanying table shows, though the overall decline in European markets means that the increase in the share price has been very limited. But it is by comparison with the closed-end funds like New Court European that it really shines and the managers are rubbing their hands with glee that they did not take the investment trust route. Otherwise their shares would be standing on 25 discounts like all the rest, and the

fund would certainly not be worth over £10m. This is really just an argument in favour of open-end funds, but Warburg Investment Management also took the rather firm line when the fund was launched that getting currency movements right was probably the single most important element in running this type of fund. They did not drift into borrowing Swiss francs in the time-honoured manner and were at first very successful in rigging the right changes.

Over the past year they have been less successful (the fluctuations have been less) and several of the comparable investment trusts have been able to compete on equal terms. As for the future, the managers seem keen on most of the major European markets at the moment and are also borrowing in Swiss francs. The Swiss franc may be ripe for a tumble, but one cannot help feeling a little nervous.

RE-EXPORTING

THE TEMPO increased in the

Open-ended funds	Price at 31.8.75	Price at 31.7.75	% change
Common Market Trust Ltd.	£10.80	£10.47	+ 4.7
M & S European	51.7p	45.8p	+ 13.4
Henderson European	52.5p	35.4p	+ 32.4
Schroder Europe	47.5p	34.2p	+ 17.4
Save & Prosper Europe	69.5p	74.4p	+ 7.0
Barbican Europe	99.4p	89.0p	+ 10.6
Keynote Europe	£ 5.00	£ 4.71	+ 5.8
Europewide (6 countries)	76.1p	139.3p	+ 13.4

Convertible cycles

BY DAVID WRIGHT

THE SUCCESS of the Land Securities Convertible rights, fairly volatile. When at one stage it looked as if the stock would be well left to the underwriters, high lights the renewed demand for good quality high coupon convertibles: some 74 per cent of the Land Securities issue was taken up with the balance being sold in the market at a useful premium.

The attraction of convertibles at the moment is that on the back of the recent upsurge in equity prices, conversion premiums have diminished while the yield differentials have widened in the favour of convertibles. Moreover, the convertible offers far more protection in the event of another sudden downturn in equity prices: the yield factor together with the long option to convert will ensure that the fall in the convertible is smaller than in the equity. Of course in a rising market the equity will outpace the convertible.

But of late there has been some institutional switching out of equities and into convertibles on fears that equities will be pushed to hold current levels, while the conversion premium Certainly recent movements is 34 per cent.

Investors should not only pay attention to the yield and conversion premium factors but also to the length of the conversion period and the date of the redemption. The longer the conversion runs the better, since this gives more time for the equity to perform, but it is worth aiming for a stock that has a very short life after the conversion runs out.

After all, once the conversion factor expires, the stock is treated like any other unsecured loan. Yields here are much higher so once the conversion rights lose their value the price will naturally fall. It is therefore important that the investor is not locked in for any great length of time before the stock is redeemed at par.

There are a few convertibles around where the redemption date follows almost immediately after the conversion expires. London Brick 14 per cent stock has the option to convert into equity from 1977 to 1984 with the redemption also in 1984. Here the yield is more than double that of the equity, while the conversion premium is 34 per cent.

Smith and Nephew is a similar situation with the 8 per cent stock being redeemed in 1981 while the conversion factor runs from 1975 to that date. In this case the yield differential is only two points but the conversion premium is down to 5.2 per cent.

If investors are given the option to take up a convertible, either through a rights issue or a takeover, they should apply the same basic investment yardsticks to determine whether the stock is attractive or not. One point, however, and that is they should leave any acceptance or sale of the option until the last possible moment.

The initial reaction to a convertible rights issue, or a bid stock, is to reduce the price of the equity. Take the case of Land Securities. Those holders that did not panic and sell their rights when the equity fell from 154p to 135p (at which point the conversion premium was over 40 per cent) but left them for the issuing broker to dispose of at a later date got a far better return: the stock is now standing at a premium of 13 points in its £40 paid form.

No takers for options

BY CHRISTOPHER HILL

BOOKS ON investment generally fall into either the category of the over-simplified (and a positive danger to the investor) or the abstruse category where they may be very helpful to 300 people in the City but are not much use to people without a qualification in higher mathematics.

On these criteria, a new book called "Investing in Share Options, Warrants and Convertibles," by Peter Wehman of the Daily Telegraph sounds as if it could easily fit into the latter forbidding category, but in fact it manages to do a "straddle" with the objective of giving the reader enough easily assimilable information to enable him to make some practical use of it, without blinding him with science.

There was also some useful information on "taking" option money—a subject which is

scarcely ever covered—and the author makes the point that any investor is just as entitled to take option money as the large institutions. The only proviso is that he must be in a position to deliver the stock. And taking options also seems to be more consistently profitable than "giving."

Facts and figures may not be easy to find and those that the author comes up with are certainly not up to date—a study of 256 call options in the United States between 1958 and 1960. But what they do show is that whereas 47.3 per cent of the options were abandoned and only 4.8 per cent made profits of 200 per cent to 400 per cent, the takers of option money made an annual compound return of 17.5 per cent.

I also liked the section on the Chicago Board Option Exchange which has generated so much excitement about a possible

brave new world for U.K. stockbrokers in the near future.

What chance is there of this book coming to the U.K.? The book says—and stockbrokers tend to agree—that the chances of having a similar options exchange in London are now rather remote. After its initial burst of enthusiasm, the SE Council is back-pedalling—possibly due to the political implications of being seen to be opening what might be called a casino and partly because of the capital outlay. But the Chicago Board is apparently very anxious to get a European options exchange going and currently Amsterdam seems to be the favourite spot visualised. If this did happen, it is likely that British stockbrokers would feel impelled to participate by opening up pitches over there.

* Published by Woodhead Faulkner at £3.75.

TENNIS

BY JOHN BARRETT

Miss Evert in a class of her own

CHRIS EVERT, from Florida, who is the outside favourite to win her first U.S. Open title now that it is being played on a clay surface instead of fast grass, struck a note of chill fear into the hearts of her main rivals yesterday evening.

Playing against the athletic Australian Lesley Hunt, an opponent who usually troubles her in the major grass championships—on remembers that epic opening match at Wimbledon in 1974—she shrugged off the loss of her opening service game to string together 12 consecutive games with an immaculate display of line-clipping accuracy that was quite unplayable.

Miss Hunt played well, but within the limitations set by her opponent. The rallies were often long and exciting, with the Australian racing all over the court and even scoring with the occasional drop shot.

More often than not, it was

the last stroke in each rally and always the last point in each game that eluded her as her technique or her physique were stretched beyond their limits.

Watching Miss Evert, I am reminded more and more of Maureen Connolly Brinker, the greatest woman player it has been my good fortune to see. She could work her hypnotic magic on any surface, even the fast grass of Wimbledon, where she won her three titles in 1953-4—a surface that Miss Evert has not yet mastered despite her 1974 success.

But on these slower courts which give her more time for her raking forehand and punishing double-handed backhand, Miss Evert looks her equal.

Statistics, which are not always a guide to form, suggest that this 26-year-old American is in a class of her own. Since her last defeat on clay, against Evonne Goolagong at Indianapolis in

1973, Miss Evert has accumulated an impressive 75 successive victories and on last night's showing she seems perfectly capable of stretching this run to 81, which would boost her already impressive 1975 earnings of \$258,037 to the further \$25,000 that goes to the winner of both men's and women's singles here.

The 8,838 spectators who came to Forest Hill for the second evening session, boosting the day's attendance to over 20,000, were treated to a delightful display of teasing artistry from the eighth seed, Lesley Hunt. The Romanian, who faces a disciplinary hearing this week-end on account of his lacklustre display in the Canadian Open final two weeks ago, was on his best behaviour as he probed and parried, teased and tortured Bob Lutz.

The husky Californian, game to the last, scored with some

NEW YORK, August 29.

courageous volleys and smashes, but was no match for Nastase's touch, as he went on his way to a 6-1, 6-2 win in just 56 minutes. Today saw the first upsets as Tony Roche, the seventh seed, was dismissed summarily by Chile's Jaime Filio, 6-0, 6-1, and John Alexander, the 12th seed, lost the opening set to Rhodesia's Andrew Pattison.

Two early British results brought a mixture of gladness and sorrow. It was no surprise to see Jimmy Connors, the defending champion, and top seed, beat Yorkshire's Roger Taylor 6-2, 6-0, for Taylor is never at his best on a slow surface, on which his weaker left-handed backhand is exposed by such a remorseless ground-stroke player.

But Virginia Wade, as befitted her status as second seed, dismissed Kate Latham 6-1, 6-1. This young Californian last night defeated Ann Jones, returning via the qualifying competition to a championship she last competed at in 1968. However, Miss Wade has been sufficiently impressed by Mrs. Jones' form to invite her to join the Wightman Cup team, due to play the Americans next month in Cleveland. This would be the problem produced by Linda Mottram's injured wrist, which is expected to keep her out of the team.

Economic Diary

TRADES UNION Congress annual conference opens in Blackpool, on Monday. Other events and statistics next week include:

MONDAY—World Bank and International Monetary Fund annual meetings begin in Washington. The United Nations sixth special session on "the new international economic order" starts in New York.

TUESDAY—Mr. Denis Healey, Chancellor of the Exchequer, addresses the IMF meeting. Sterling gold and convertible currency holdings at the end of August. Central issues and redemptions (Aug.). Car hire purchase figures (Aug.).

WEDNESDAY—U.K. balance of payments 1964-74. THURSDAY—The Queen opens 62nd. Inter-Parliamentary Union conference at Westminster. Hall. Clothing industry "Little Noddy" finance tables 1973-74.

FRIDAY—National Income and Expenditure 1964-74. London Gazette includes Consolidated Fund and National Loans Fund (Aug.).

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Finance and the family

A discretionary settlement

BY OUR LEGAL STAFF

I have a discretionary settlement (for the purposes of capital transfer tax) in favour of my son; this is a settlement for an indefinite period but the trustees have power to distribute income and capital and on my son's death the trust is for the benefit of his wife and children. Can you advise what capital transfer tax liability this trust will be liable for, how the tax liability can be minimised, and whether the trust would have the benefit of the first £15,000 at nil assessment?

You tell us very little about the settlement; in particular, you do not say when it was created (or whether any funds have been added to it), although we presume that it was created before March 31, 1974. The date of creation (and the dates of any additions) may be important: for example, a settlement created on April 1, 1970, will become liable to the first periodic charge to capital transfer tax on April 1, 1980, whereas a settlement created a day earlier on March 31, 1970, will not suffer its first periodic charge until March 31, 1980.

The periodic charge will, broadly speaking, be at 30 per cent. of the lifetime rates of CTT on the value of the settled

property, and the first £15,000 should indeed carry a nil charge.

If the entire capital is distributed before April 1, 1974, the CTT charge will be at 10 per cent. of the lifetime rates. After that date, this temporary relief is progressively reduced year by year, up to 1980. However, there is the potential capital gains tax position to be considered (as well as the prospective wealth tax), and the trustees will doubtless wish to seek professional guidance before deciding future policy. It is not always wise to base one's decisions solely on tax considerations, and the trustees will no doubt have regard to the purpose which their discretionary powers may serve, both now and in the future.

Not protected by Rent Act

I have just bought a property and am considering letting the first floor for a year or two on a monthly rent basis to two or three persons. The first floor consists of 3 rooms, one with a sink unit and stove, bathroom and separate lavatory. The bathroom and lavatory will be

shared with myself. As an owner occupier is it correct that I can always get my tenants out when so required?

The tenancy which you propose to grant will fall outside the protection of the Rent Acts provided that the house in which the flat is does not constitute a purpose-built block of flats, and you are in occupation of your part of the building at the time of the grant of the tenancy and at all times thereafter.

Status of a visitor

In your issue of July 5 under the heading Status of a Visitor, you explain that, under section 50 of the Income and Corporation Taxes Act of 1970, a person who goes abroad permanently or for more than 18 months for certain specified purposes and has accommodation available for his use in the U.K. is regarded as resident for tax purposes in any tax year in which he sets foot in the U.K. On the other hand, if a person goes abroad to work full-time in a profession, no part of which is carried on in the U.K., the

possession of accommodation in the U.K. is disregarded in the determination of residence.

What happens if a person goes abroad to work full-time and subsequently returns to live abroad? Is the possession of accommodation disregarded in this case? What happens if a person does not go abroad because he has never lived in the U.K.? Is the possession of accommodation disregarded in this case?

The protection of Section 50 of the Taxes Act only lasts as long as the trade, profession, vocation, office or employment in question. Upon retirement, therefore, the existence of accommodation available in the U.K. becomes important again. Unless the taxpayer in question is in fact protected by Section 50, the existence of accommodation available in the U.K. is always important: it really makes no difference whether he has been resident in the U.K. before or not. By concession, furnished accommodation rented for a period of less than two years, or unfurnished accommodation rented for less than one year, may be ignored in certain circumstances, as explained in paragraph 28 of the leaflet I.R.20, mentioned in the answer which provoked your inquiry. Copies of this leaflet are obtainable without charge from U.K. tax offices.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

reaches his majority), or whether they were the subject of an accumulation settlement for his benefit contingently upon his attaining a specified age. The distinction is important, since there will probably be an income tax repayment in one situation but an income tax liability in the other case.

As you say that a tax return has been sent to you as trustee for your grandson, we take it that you decided to appoint yourself as trustee for this purpose. If you wish to be relieved of the burden of tax returns, perhaps, the simplest solution would be to resign your trusteeship in favour of the child's parents. They will in any event be involved in the repayment claims (if the units were indeed an outright gift) and in reporting the income both currently, in relation to child allowance, and in future when the aggregation of children's income with their parents' is reintroduced, as confirmed by the Paymaster General on May 5.

There is no simple way to achieve everything you want without any income tax, capital gains tax and capital transfer tax formalities, etc., but you may perhaps have made the situation rather more complicated than the apparently small figures justify.

We cannot advise you any further, on the basis of the limited information which you gave us, but perhaps the TSB manager will be able to help you to clarify and simplify the position.

A gift to grandchildren

Last year I bought some Trustee Bank accumulation units in trust for my infant grandson. Though the bank manager said the units were held in trust for my grandson, I have been called on by the Revenue to complete a return as trustee, which is a nuisance. I now wish to set aside a small amount for another grandson. Could you tell me a simple method of so doing, to avoid tax complications? Both I and the boy's father pay tax at the standard rate.

It is not quite clear from your letter whether the Trustee Savings Bank Unit Trust accumulation units were an outright gift to your first grandson (merely held for him until he

Grossing up for CTT

Where it is desired to bequeath shares in a private company, how would the grossing up process for CTT purposes be applied? In certain circumstances it could be that there is no other money in the estate in which to pay the grossed-up tax. Generally speaking, the grossing-up process only applies to lifetime gifts, so that the problem you foresee should not, in fact, arise.

Insurance

Some aspects of indemnity

BY JOHN PHILIP

AS I MENTIONED when discussing some aspects of holiday claims, it is essential for anyone claiming for medical expenses necessarily incurred abroad to produce all the doctor's and hospital fee notes or receipts, so as to substantiate his claim. This documentation is necessary because holiday travel medical expenses insurance is indemnity insurance—the policyholder can obtain from insurers only so much money as is required to put him back in the financial situation in which he was before the insured misfortune overtook him.

Personal accident

The bulk of the cover provided by the average holiday travel policy is indemnity cover, but there is normally one section which is different—the personal accident section under which insurers promise to pay specified sums on death, loss of sight or of limbs and on temporary total disablement.

When making a claim under the PA section of a holiday travel policy, it is of course necessary to prove the fact of death or injury—but it is not necessary positively to evaluate that death or injury in monetary terms.

The majority of insurance policies are policies of indemnity—for example fire and crime loss, motor, employers' liability, and it is only those insurances on life and limb that are benefit policies. The personal accident policyholder can go through his insurance life without realising that there is this distinction—or if he realises it, without counting it anything more than a legal-insurance technicality. But the distinction can be important.

If, for example, I buy two annual PA policies from different insurers, each policy to pay £50 a week in the event that I am temporarily laid up, when I am disabled due to illness or injury I can collect £50 a week from each insurer, £100 in all. By contrast, suppose my wife and I are joint owners of our home, and each separately insures our house in our joint names for £30,000 with two different insurers: if it is totally destroyed,

say by fire all we shall get between us, from both insurers, is £30,000 and each insurer will in practice pay half of this sum.

This is because, between two policies of indemnity, the legal principle of contribution operates when both policies cover the same interest in the same property against the same peril, in other words when there is dual insurance. The principle of contribution does not however apply between benefit insurances—which is why I can obtain £100 a week from my two PA policies.

Of course it is most improbable that two people will go off separately and deliberately buy joint cover without consulting one another. But dual insurance is an everyday occurrence and can arise whenever a car is lent or borrowed, because one of the normal clauses in the average private car policy is the one that provides protection for the policyholder while he is driving a car neither belonging to him nor hired to him under an H.P. agreement.

Dual cover

Suppose my car is off the road for repair and my neighbour lends me his car to make an urgent journey and during the course of that journey I have an accident injuring a pedestrian. Prima facie, my own policy protects me against liability claims incurred while I am driving my neighbour's car—but his policy also protects me, since I have been using his car with his permission. And though most policies contain special exclusions aimed at eliminating this double insurance, there is near universal agreement among motor insurers that in the kind of case I have mentioned, each of the two insurers concerned will pay half the cost of the liability claim.

Staying with motor insurance for the moment, because "comprehensive" policies usually have a section providing cover for personal effects, the comprehensive insured motorist makes a claim under an "all risks" or holiday insurance policy for the loss of belongings from his car, may find

that part of his claim is thrown back on to his motor policy. However legally correct, this can be very inconvenient, because a claim under the personal effects section of the motor policy affects the motorist's no claims discount just as much as does a claim for damage, repair or third party injury.

Another aspect of the indemnity policy lies in the way insurers look upon the sum insured. In these inflationary days, it is possible that the effect of normal wear and tear and depreciation on the value of any particular article is more than offset by the fall in the value of money—so that the sum fixed upon at the start of the insurance year will be too small to provide adequate cover by the year end.

But in more normal financial conditions the sum insured will represent only insurers' maximum liability, not the sum that they must pay: if a true indemnity can be provided by payment of a sum less than the sum insured, then insurers can pay that lesser sum, unless the policy is an agreed value policy.

Agreed value policies are sold particularly on valuables, jewellery and so on, but occasionally on vintage or specially built motorcars. The policyholder and insurers fix the value (or values, if more than one item is covered) at the time of issue, and if a loss is sustained at any time during the subsequent 12 months, the policyholder is paid the agreed value, irrespective of the fact that the market value or replacement value of the article concerned is below that agreed value.

More expensive

From one viewpoint it can be said that an agreed value policy breaches the principle of indemnity—from another it can be said that all that insurers and policyholder are doing is to agree the level of indemnity in advance—whichever view you take, in more normal financial times an agreed value policy usually costs more than does one that provides a simple indemnity.

Loss for CGT purposes

During the administration period of an estate certain shares forming part of the estate were the subject of a "bed and breakfast" transaction in order to establish a loss for CGT purposes. The end of the executor's year is approaching and as some of the shares in the estate have suffered a further significant fall in value it is proposed to dispose of such so as to enable the new lower value to be used for final assessment of estate duty. Does the previous sale and repurchase preclude such transaction? The shares whose sale is now contemplated represent a greater number than those involved in the "bed and breakfast" transaction; presumably the excess number of shares will not be subject

to the calculation mentioned in s.45 (4)? The breakfast half of the executors' bread and breakfast transaction has indeed reduced the amount of estate duty relief potentially available under Section 45 of the Finance Act 1973, because of sub-section 4. The amount of capital gains tax relief resulting from the bed and breakfast transaction will vary inversely as the estate duty relief on the shares in question, because of paragraph 12 of schedule 18 to the 1973 Act, and it may be that the transaction failed to achieve its purpose. As you will see, sub-section 4 is not specifically concerned with purchases of shares of the kind held by the deceased: any purchases of quoted shares etc. within the

period will activate the restrictions. As only part of one (or more) of the deceased's shareholdings was the subject of the bed and breakfast transaction, apparently, the estate duty relief resulting from the proposed sale of the whole of the executors' holding of the shares in question will be calculated in accordance with paragraph 11 of schedule 18 to the 1973 Act. The provisions of section 45 of (and schedule 18 to) the Finance Act 1973 defy condensing into a brief answer, and we can only recommend a study of one of the standard works on estate duty. Corresponding provisions have been introduced for capital transfer tax, in part II of schedule 10 to the Finance Act 1975.

CAREERS AND EDUCATION

How 12-year-olds faced up to a restricted future

BY BRYAN WEBSTER

RECENTLY, I FOUND myself behind a table during a "careers night" designed to enable schoolchildren to ask practitioners about jobs in local industry and the professions. Doctors talked about medicine, dentists about dentistry, solicitors about law, and architects about architecture. My workaday subject was the range of opportunities within a large engineering company, like the one where I work, as a personnel manager.

Numerous giggling groups of youngsters looked at me and muttered loudly: "They don't have any decent jobs anyway," before wandering off to explore social work and education. Some, however, ventured a question or two and after a while a pattern within their queries began to emerge.

First, someone had told them that industry had a lot of boring jobs which they must avoid. Second, those who did come to talk already knew something of the jobs we had to offer because of relatives or friends who already worked for us. Third, the majority asked about the earnings they could expect. Fourth, the majority also inquired: "Do you have any good jobs that don't need qualifications?"

This was asked by, among others, two boys who could not have been much over 12. But they had, apparently, concluded that they had no chance of catching an elusive certificate or two or of progressing to higher education. Of course, we who study the statistics know that 43 per cent. of all youngsters in England and Wales attempted no certificates in 1973-74, but what interested me was the clarity with which these young people saw their future. Plainly they had decided the professions were closed to them and they must look to industry for any advance. They had already twigged that, for all our talk of a free society and "more opportunities," all the old taboos are still in place for those not initiated by qualification.

but new ones are also being raised. A good example can be found in Scotland where uncertificated teachers were quietly removed from jobs they had done competently for years. And it was all done in the name of improving the standard of education.

Then there is my own profession. Time was when anyone could drift into personnel work, when anyone with a bit of industrial or social experience could train themselves to be reasonably competent at recruiting or training or industrial relations. But now the barriers are up and have just been raised another layer.

The number of examinations has been increased and the pass standard, if we are to believe the story, has been set higher. I do not know how the people who have supported this move would fare with the new syllabus, but to my knowledge they have made sure that some very sound young personnel people will never make the grade. The door which once opened without too much difficulty to the industrial candidate has now grown stiff while another has been swung wide open to graduates and full-time diploma students.

Limit

True, the lack of a certificate does not preclude someone from personnel management, and I hope that will always be the case. But the creation of a qualification and its increasing use as a standard of ability by selectors does seriously limit the careers of those without one.

The reason given for placing this hurdle in my profession is the improvement of standards, but again the underlying reason is surely exclusiveness. I am not claiming that any hairy-shirted son of the soil can pick up the varied and increasingly complex skills of personnel management. But I would dispute that they were better learned on a course than on the shop floor. Exclusiveness, is not, of course, the prerogative of the professions. There is no club quite as exclusive as the crafts-

men's in industry and nothing but four years of a young man's life can gain him entry. And it is only just short of sedition to point out that a much shorter training sentence is more than adequate.

What all of this means is that while schools are trying to open up opportunities to young people, other groups are determinedly closing them down. It seems the schools are losing the field, as more and more jobs are being barred to those who are unable to gain a level of academic education acceptable to whatever group is setting the standards.

It could well be that as certificates become attainable by more people, those who cannot attain them are even worse off than their counterparts before. The depressing truth may be that we have simply increased the demand for the kind of qualified youngster who always did have reasonable choice of job. Certainly there is nothing to prevent this from happening apart from the artificially high cost of "qualified" labour.

Happily, not all opportunities have disappeared. As the youngsters who spoke to me knew full well, even in today's economy industry has openings for the hard worker and the non-academic achiever. Some of our better managers and more able foremen are unqualified and technically unskilled. On the whole, however, it has taken them longer to make the grade and there are signs that even this road to success is becoming more difficult to travel.

The increasing number of management and supervisory courses demonstrates this trend. At the moment few advertisements ask for the Diploma in Management Studies or membership of the Institute of Works Management as a prerequisite for a management position. And the Institute of Administrative Management has had some difficulty convincing companies they really should insist on membership for their office managers. So long as this continues, then the doors to reasonably satisfying and well paid careers stand

Neglect

In our enthusiasm for education we are overlooking the need to allow people to develop outside the education system. Again our desire to lift standards of vocational training has led us to neglect the fact that experience has been and still is a legitimate and valuable method of improving performance at work.

In this context it is significant that when the government decided to provide management training opportunities under TOPS they gave the responsibility not to industry and the training boards but to the further education colleges. This was done despite the very sound work begun by some of the training boards who had quickly realised that managers are best developed "on-the-job"—not on the post-graduate diploma course at the business school or the three or four years at the college of technology. It is also true that industry collectively has a much longer and much more practical training to offer and would have been prepared to offer it at a substantially lower cost.

What needs to be done now is quite clear. If we cannot reverse the trend towards certificate collecting, provision ought to be made within most professions for the advance of those who in their performance at work have adequately demonstrated their eligibility for qualified status. Further, we ought to provide short non-academic courses of development to bridge some of the artificial barriers erected against those who entered the professional field by the wrong gate.

But the fundamentally important thing is this. We must always be able to make an encouraging answer to the question: "Do you have any good jobs that don't need qualifications?"

CHESS BY LEONARD BARDEN

BRITISH JUNIORS, captured their fourth world or European championship in a row last month when David Goodman, Laymer Upper School, kept for Britain the under-18 world title won in France the previous year by Jonathan Mestel. In the interval Tony Miles has won the 1974 junior (U-20) world championship and John Nunn the junior European championship. No other country has managed to interrupt this run of success, and Mestel is currently trying to make it five in the 1975 world junior in Yugoslavia.

These results are remarkable when viewed against the multi-championship success of the Russians given to their chessplayers and the personal interest shown by Premiers Castro and Kadar in Cuba and Hungary and by President Tito in Yugoslavia. Among other countries, Sweden, Holland and West Germany all give official backing while the U.S. Chess Federation is wealthy as a legacy of the Fischer boom of 1972.

Britain's official support is minimal in comparison. The Ministry of Education pays two-thirds of the travel for participants in World Chess Federation (FIDE) events; but for our world champion juniors there is nothing towards the sizeable cost of training, technical research on the games of rivals, or master help during the tournament.

So why do we win against what are really considerable odds? Partly because our young players are talented, prepared to study hard for tournaments and believe that they can make Britain one of the strongest chessplaying countries; and partly because of the generous support from the Slater Foundation.

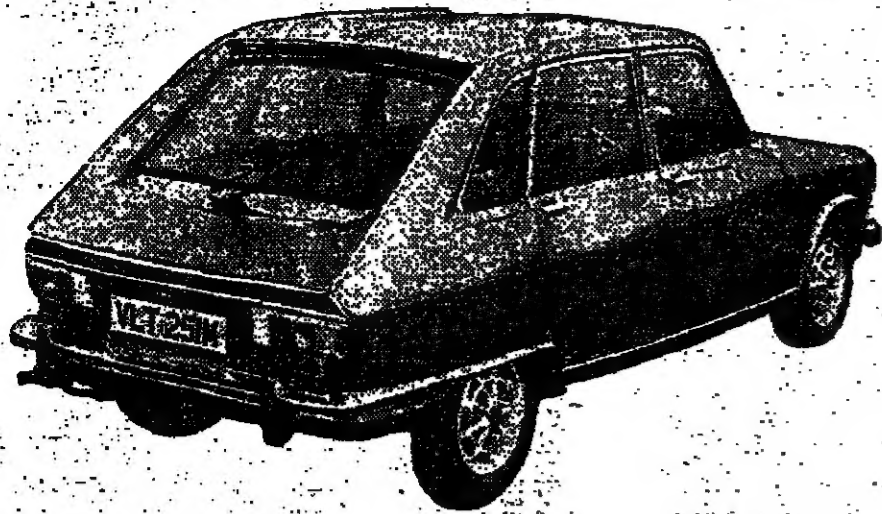
David Goodman's world under-18 championship win illustrated a technique which should be useful to many tournament players. Before the start, he prepared two openings, the Pirc (1 P-K4, P-Q3) with Black, and a counter to the popular King's Indian with White (see the game below). With the aid of his brother-in-law, candidate grandmaster Ray Keene, Goodman studied the nuances of these two systems right into the middle game and ending.

The two "secret weapons" were well chosen. Since they were strategic rather than tactical, there was little chance that an opponent could come up with a refutation at the board during the tournament. This week's game, in fact, shows what most master players would regard as an ideal type of win: a game where the opponent never gets the glimmer of a counter-chance.

COINS BY JAMES MACKAY

WHITE (1 move): 1. P-K4, P-Q3; 2. P-K3, P-Q4; 3. P-K4, P-Q3; 4. P-K3, P-Q4; 5. P-K4, P-Q3; 6. P-K3, P-Q4; 7. P-K4, P-Q3; 8. P-K3, P-Q4; 9. P-K4, P-Q3; 10. P-K3, P-Q4; 11. P-K4, P-Q3; 12. P-K3, P-Q4; 13. P-K4, P-Q3; 14. P-K3, P-Q4; 15. P-K4, P-Q3; 16. P-K3, P-Q4; 17. P-K4, P-Q3; 18. P-K3, P-Q4; 19. P-K4, P-Q3; 20. P-K3, P-Q4; 21. P-K4, P-Q3; 22. P-K3, P-Q4; 23. P-K4, P-Q3; 24. P-K3, P-Q4; 25. P-K4, P-Q3; 26. P-K3, P-Q4; 27. P-K4, P-Q3; 28. P-K3, P-Q4; 29. P-K4, P-Q3; 30. P-K3, P-Q4; 31. P-K4, P-Q3; 32. P-K3, P-Q4; 33. P-K4, P-Q3; 34. P-K3, P-Q4; 35. P-K4, P-Q3; 36. P-K3, P-Q4; 37. P-K4, P-Q3; 38. P-K3, P-Q4; 39. P-K4, P-Q3; 40. P-K3, P-Q4; 41. P-K4, P-Q3; 42. P-K3, P-Q4; 43. P-K4, P-Q3; 44. P-K3, P-Q4; 45. P-K4, P-Q3; 46. P-K3, P-Q4; 47. P-K4, P-Q3; 48. P-K3, P-Q4; 49. P-K4, P-Q3; 50. P-K3, P-Q4; 51. P-K4, P-Q3; 52. P-K3, P-Q4; 53. P-K4, P-Q3; 54. P-K3, P-Q4; 55. P-K4, P-Q3; 56. P-K3, P-Q4; 57. P-K4, P-Q3; 58. P-K3, P-Q4; 59. P-K4, P-Q3; 60. P-K3, P-Q4; 61. P-K4, P-Q3; 62. 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Motoring



A Renault of character

BY JAMES ENSOR

AS THE months pass, more and more manufacturers are bringing out models or modifications to models which were conceived in the aftermath of the energy crisis. One of the most successful of these, in my opinion, is the Renault 16 TX. Although the Renault is now by some standards rather an old stager in the European medium car stakes, its initial design was, in many respects, so advanced that its styling so individualistic that it has worn very well.

Its rear door, for instance, though a most versatile and useful feature, is still relatively rare in cars costing over £2,500, except in estate options. And the standards of seat comfort and ride over rough surfaces set by Renault with the 16 have only been exceeded by much more expensive cars.

So the 16TX, starting with the traditional Gallic virtues of a soft and sensitive suspension and deep padded seats has been developed as an economical and comfortable grand tourer. The use of Fiat's traditional twin choke Weber carburettors and a redesigned cross-flow head similar to Ford's or BMW's gives better fuel consumption and power than the basic model.

External changes, notably the fitting of a simple spoiler rib above the rear window across the roofline, have reduced the drag and improved fuel consumption at higher cruising speeds. The car is well capable of cruising at 100 mph, in the few places where this is still legal, but what is more to the point, its gearing makes it a relaxed and quiet performer at 70 mph.

A five-speed manual gearbox is fitted as standard but the model I tested had Renault's own electronic automatic box. This works smoothly and surprisingly quickly but it is only a three-speed unit so that the top gear is inevitably a little lower than with the manual box.

A lot of other extra features have been fitted to the 16TX to make it more comfortable and convenient and to justify the relatively high price of £2,554, which takes it well into the two-litre class.

A rear wiper and washer on the back window, central locking on all doors from a key turned in the driver's lock and electric windows make for great convenience in use, though they are, of course, quite expensive.

An optional electric sunroof fitted to the test model is, like the automatic gearbox, a special option. It works well enough but the amount of sunshine let in is limited and it does add to the wind noise level when driving fast.

With all this development and addition, the 16TX is a very well equipped and luxurious car — a far cry from the original rather spartan Renault 16 that was first launched on to the market.

Its performance, even in the automatic version, is well on a par with most two litres while its fuel economy with about 30 mpg in average use is better than almost all of them bar the highly economical Triumph Dolomite and Saab 99. Its handling is very good, thanks to the front wheel drive and well-spaced wheel layout.

It rolls a good deal and if one encounters bumps in cornering, the car tends to slurp over them, but these are things that one can get used to and they in no way limit its considerable cornering ability. The braking, now with dual circuit power assisted discs and drums is good, though perhaps a little bit sudden.

Obviously the 16 TX's best feature, in common with all Renaults, is its versatility and its comfort. The big rear door gives a huge luggage capacity with the rear seats folded forward. Alternatively the reclining front seats can be folded right down to give passengers a chance to sleep or even for use, in emergency, as a bed.

At £2,554 for the automatic version, the 16 TX is facing some fairly effective competition. It is more expensive, for instance, than the Austin 2200 and only a little cheaper than the Wolseley which is certainly as comfortable and a great deal more spacious.

Among automatic cars, it is not much cheaper than the Triumph 2000 or Peugeot 504, both exceptionally refined and comfortable cars, while cars like the Fiat 132 or Ford Cortina can offer automatic motoring at much lower cost.

Nevertheless the Renault's combination of load carrying ability and comfort will continue to win it new friends from those who do not rate passenger space or high performance as the most important virtues. It is a car of great character, and in its final, most developed form, a very good one.

Bridge

More haste less speed

BY E. P. C. COTTER

IN EACH of today's hands from rubber Bridge the contract was lost because of impulsive action on the part of the declarer. Here is the first deal:

N.	E.
♠ K Q 4 3	♠ 8 7 6 5 3
♥ A 8 4	♥ 10 9 8 7
♦ 7	♦ 10 9 8 7
♣ K 8 4 2	♣ A Q 10 6

North-South had won one game when North dealt and bid club to which South replied with one heart. Most players with North's cards would, I think, rebid one spade, but this North preferred to limit his hand early with a raise to two hearts. If he does rebid one spade, South now says two diamonds and is given preference with two hearts, and the same contract of four hearts, which South bid after the single raise, is reached.

West led the Knave of spades, which was won by the Ace, and like many a declarer before him, South went wrong through over-anxiety to discard a loser. He crossed at once to the heart Ace, discarded his losing club on the spade King, and led the seven of diamonds to the three, King and Ace. West returned the Queen of trumps to cut down diamond ruffs, and South ended up one trick short of his contract.

The declarer must protest himself against a 3-1 trump break—he cannot afford to use dummy's Ace so soon. The right play at the second trick is to lead the diamond King in the hope that East has the Ace. If this is so, East must lead a club or South will now be able to discard his club without danger. This will set up dummy's King, and there will be no further problem.

Unfortunately, West has the King, but he, too, must lead a club. East wins and sends back

a trump, but the declarer can get home by ruffing two diamonds on the table and discarding two on the King and Queen of spades.

In the next hand the declarer's error was more costly:

N.	E.
♠ A Q 3	♠ 8 7 6 5 3
♥ A 6	♥ 10 9 8 7
♦ A 8 6 4 3	♦ 10 9 8 7
♣ 7 5	♣ A Q 10 6

North dealt at game all and opened the bidding with one no trump, to which South replied with four clubs—Gerber for Aces. North's rebid of four no trumps showed three Aces, and South now said five clubs—Gerber for Kings. The five diamond response, showing no Kings, was disappointing, but South bid six hearts.

When West led the two of spades, the declarer decided to finesse dummy's Queen. If this was wrong, he had a diamond break or the club finesse to fall back on. The King won, and East returned a spade, which removed a vital entry. South cashed King and Ace of diamonds and ruffed a diamond high, but the 4-2 break showed that any set up diamond would be a frozen asset, so South had to try the club finesse. As this, too, was wrong, he went one down.

You may say that the declarer was unlucky, but he could have given himself more chance by playing dummy's three of spades at trick one. East wins with the Knave, and returns a heart. The market square of the town where Joe arrives with his wife. A local pimp manages to seduce his wife from him and take her off to a hotel for the night. Newspaper reporters come and make him into a local hero figure suggesting he wants to lead agrarian reform (he has no such idea in his head), a priest bars him the way to the church and finally the pimp manages to get a local corrupt policeman to arrest him for causing a disturbance of the peace.

Joe is in fact the innocent caught up in a web of evil and he ends up by being provoked to attack the policeman whereupon he is shot dead. He is a gentle, devoted figure who cares more for his donkey Nibulas than his wife Rose, though she remains loyal to him in spite of her one night lapse with the pimp. The play is strongly written and certain scenes are effective: the scene when the local bishop attempts to make Joe withdraw, the scene when the pimp tempts Rose away from Joe, are admirably terse and well observed.

Joan White's production is sharp, combining satire and charm. Michael Farley's Joe is a little on one note, and lacks possibly a wide-eyed simplicity. But he is relaxed and puts across his passive defiance with conviction. Maria Mavenset gives an excellent performance as Rose, one of those bold and tender actresses for which American theatres are notable. David C. Essex as the pimp gives us a nicely observed piece of acting, and the good-looking and the great are good-looking. Richard Crane's Clown Maker, performed by the Bradford University Drama Group, seems to be a pure exercise in style. Whether it is trying to say anything, or indeed is saying anything, is another matter. The main

The Arts

Elliott Carter

BY RONALD CRICHTON

Famous orchestras outside the Austro-German orbit are normally willing, sometimes positively anxious, to include a work by a native composer in concerts on a foreign tour. When it comes to choosing the work, however, conventional prudences and box office considerations play their depressing roles, and the result is almost inevitably a compromise. How often have touring British orchestras rewarded the curiosity of a foreign audience with more unfamiliar than the Beethoven Variations, Tchaikovsky's *Pathétique*, or the *Young Person's Guide to the Orchestra*?

On Thursday night, the New York Philharmonic, at the first of two Edinburgh Festival concerts in the Usher Hall, completely ignored those craven habits. Their visiting card was a major work by Elliott Carter, who comes more and more to appear as the most considerable American composer. No doubt the presence as musical director of Pierre Boulez, a conductor singularly well equipped to elucidate a score of tremendous complexity, had something to do with it. All the same, both the orchestra and the Festival organisers deserve gratitude for

not taking the easy way out and, at the cost of some empty seats, for providing the most stimulating of this year's musical programmes up to the time of writing.

Carter is an exceedingly difficult composer, but not for the usual reasons. In his youth (he is now in his late 60s) he was an avant-garde man and a Boulanger pupil. Now, owing allegiance to no particular school, he writes a slow succession of closely-argued chamber or orchestral scores of essential, not modish originality. The Concerto for Orchestra was written for the NYPO's 125th anniversary. The point of departure was a poem, *Winds*, by St. John Perse. There are four movements, not only continuous but in some extent synchronised. Material from each is superimposed in a series of constantly shifting layers. The result, in spite of Carter's virtuoso deployment of a large, multi-percussion orchestra, is not at all easy to grasp on early acquaintance. One perceives the poetic background of "Great winds questing over all the trails of this world." The ear to some extent

follows the interplay of the instrumental groups and pitches associated with each movement, but for the rest and for the time being must remain content with a general sensation of intellectual and physical exhilaration.

The Concerto was framed by the usual three slices from the *Romance and Juke of Berio* and by Stravinsky's *Petrushka*. I found the Berio a strange disappointment. Of course, there was brilliance in the Ball scene, and pin-point lightness in the *Quercus* scene. At the beginning of the Love Scene the strings moved from chord to chord with the artistry of a few outstanding singers when they move from note to note. But in spite of detailed attention devoted by Boulez to expressive details, the passionately individual cut of Berio's unique melodies sounded not spontaneous but frostily deliberated. *Petrushka*, on the other hand, was a riot and a most skilfully prepared one of early rhythm, full of frosty winter air and the wheezing sounds of outdoor music. It was noticeable that while the trumpet playing was of great brilliance, it was never allowed to rip the fabric apart.

A dip into the Fringe

BY GARRY O'CONNOR

American groups are all too rarely noted in the abundant theatrical activities of the Edinburgh Fringe (though the University of Southern California is back this year). *Journey to the Centre of the Earth*, a play by Joan White English Theatre School of New York, is a colourful and entertaining spectacle, which is by no means devoid of story. It is the way Massine superseded him dancing his roles.

But the material is too well known and so much of it appears cliché because Mr. Crane does not seem to be taking a very positive stance towards it, or even exploring it very deeply.

Although he draws upon notions expressed in Colin Wilson's *The Outsider* and Nijinsky's alienated feelings as he gave vent to them in his *Diary*, there is nothing very new in this, so one imagines he is watching a television programme drawing upon known facts and trying to make a succession of effective images out of them. Some characters seem to be what one knows of them: Diablerie, I am sure, would never have behaved as if he were a figure out of Noh drama.

But the production by Fayna Williams is well poised and highly disciplined. Drawing on the clarity of images one finds in a French director like Patrice Chéreau it distils an interesting quality on its white ramp and forestage and with its very carefully chosen and contrasted costumes it always holds the eye. The acting too, especially from Richard Walker as Nijinsky is of a high quality. But all the style and precision and long pauses taken for entrances and exits serve only at times to show how

thin in substance many of the 25 scenes are.

The Cambridge Young Chekhov Company are performing Chekhov's *The Proposal* in a version by Patrick Miles and a new play by Patrick Miles called *Rabbit*. It is hard to point to the new qualities in the adaptation, but it is a "Vaudeville" original. All I can hope to do is point to one difference from the Elizabethan version, published by Penguins. Miss Fen calls The Proposal a "Just," Mr. Miles calls it a "Vaudeville." Now some of music is, I believe, an essential element of vaudeville. Perhaps the vaudeville element is the loud sound effects of palpating hearts, buzzing insects, which Mr. Miles uses to punctuate his production.

It does not really work, however. Introducing an element of the absurd into half naturalistic farce only holds up the laughter instead of helping it along. Fortunately the idea that Chekhov puts over in terms of farce is such a strong one, namely that people are highly contradictory and their wilful personalities ruin their best intentions, that nothing quite can ruin it. In the end the straightforward playing from Ian Smith, Amanda Hodgson and Vivian Bickford-Smith brings the best out of the comedy.

The other half of the programme is what Mr. Miles calls a farce, but I prefer to think of it as a comedy, pure and simple. There are not many laughs in it at least in the first ten minutes or so, but there is a recurrent reference to rabbits which puts us firmly back into N. F. Simpson territory and mildly absurd banter.

A scene from 'Journey to Bahia'

Loka Bharati

BY KEVIN RAFFERTY

Probably few people have heard of Loka Bharati. Yet given proper publicity and reasonable appreciation crowds would be queuing outside the Queen Elizabeth Hall or Albert Hall to see them at a pound or more a seat. Yet this week they will be performing in local halls in Bradford, Birmingham and London's East End—and the entertainment is free. I went along in sceptical mood to Islington Town Hall this week and was completely charmed over.

Loka Bharati (the Indian people) are a folk music and dancing group from Bengal. They draw their material from all over India and Bangladesh and have a nicely combined Hindu, Muslim and tribal traditions in their repertoire. They were not scheduled to come to the U.K. at all, but the Bangalore Jatiya Sangkritik Sangsad (Bengali National Cultural Society) persuaded the Home Office at short notice to grant them entry certificates for U.K. appearances in between their tours of Finland and France. They are not allowed to charge for their performances, so the Bengali society is footing the bill for the 14-day trip which will come to about £2,000 given scripping and saving on things like accommodation.

Mr. Tassaduq Ahmed, proprietor of the Ganges Restaurant and president of the society, reckons it is worth paying up to £50 a night for hiring a hall to what the appetites of the British or a later, full-fledged tour. He also hopes eventually to set up a cultural centre for

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How to spend it by Lucia van der Post

China choice

THOUGH the rumour in the House of Commons has made the tableware industry rather better known than usual this week there are other reasons for taking a good long look at the best of the new British crop of tableware. Traditionally we have produced the finest china in the world and though the charms of French, Danish and other ranges have not been unimpaired, it is generally acknowledged that for quality it is hard to beat the British.

Certainly this year's new crop of tableware shows distinct signs of a healthy and lively industry. Wedgwood have introduced for the autumn a beautifully thought-out and conceived inter-related range of Croft oven-to-tableware.

Needless to say the pottery itself is highly resistant to damage, is tough and can go straight from oven to table. The main innovations have been that though there are four distinct and different patterns which decorate the basic shapes, there is also a plain range which can then be used together with any of the patterns.

The most useful and interesting of the new additions to the range are, to my mind, the casseroles, roasting and entrée dishes. These come in a range of shapes and sizes and being infinitely prettier than the usual baking and roasting tins, could cut down on an awful lot of washing-up.

The simple, shallow, oval dishes are eminently flattering to food and could be used for a variety of foods, from platters to roasting and baking dishes like hash. There are two sizes—12.5 in. long for £5.50 and 11.5 in. long for £4.25.

The casseroles come in three shapes—shallow oval (3.5 pints for £10.65), deeper oval, which could double as a Game Pie Dish (3.5 pints, £11.55), and, finally, what I would describe as a stockpot shape (4.5 pints, £12.50).

In the photograph, top right, is shown a selection of the new Croft ware which illustrates well how the plain Arctic range can combine happily with one of the patterns, in this case Tiger Lily.

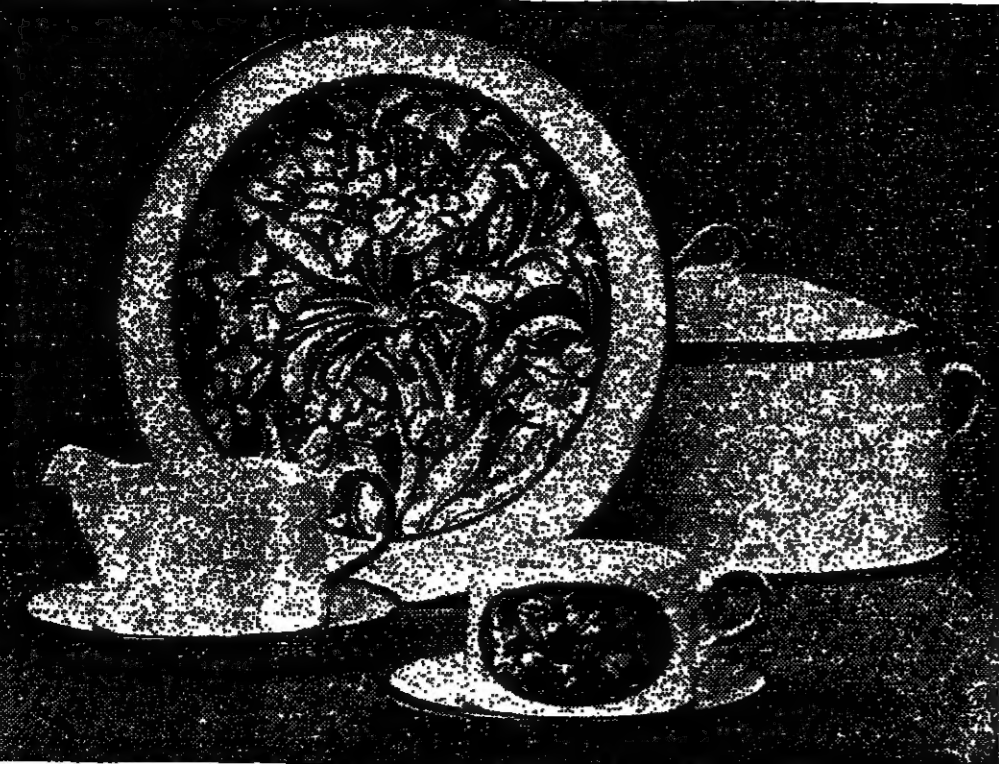
The sauce boat and stand in the photograph are £3.40, the Tiger Lily 10 1/2 in. plate is £2.15, the cup and saucer is £2.85 and the casserole is £11.55.

The full range is going into the shops now and though as yet nobody has the complete range any place can be ordered from any of the 70 Wedgwood Rooms to be found in major department stores.

For the moment Harrods of Knightsbridge have Tiger Lily pattern and the plain Arctic range. Next of 196, Tottenham Court Road, London, W.1, John Lewis Partnership shops and Christchurch shops all stock Arctic.

Another new and interesting collection of tableware is Denby's Renaissance Stoneware. Denby have tried with this collection to combine the durability and oven-proof qualities of traditional Denby oven-to-tableware with the appearance of fine china and have, I think, succeeded to a remarkable extent. The patterns have great delicacy, particularly Avignon which is shown photographed right.

The shapes are less classic than in the Wedgwood range, the casseroles having a somewhat ro-roo look. There is a big collection of items in the range—teapots, plates, casseroles, oval dishes, tea and coffee pots and so on. There are six different patterns available, some very pretty like Avignon, others more dominant like Lorraine and one or two very plain, like Medici.



WEDGWOOD'S CROFT RANGE



DENBY'S AVIGNON

which is absolutely plain off-white and Castille which has a little pale blue decoration on an off-white ground.

One of the great innovations of the Denby Renaissance collection is that there is co-ordinating glass and cutlery, of which to my mind, the cutlery is much the most interesting. The handles of the cutlery are made from Denby stone and are colour-matched to co-ordinate with the tableware. They have stainless steel blades and are perfectly safe to use in dishwashers. I think they are an extraordinarily pretty alternative to stainless steel for those who can't afford silver. There is also a range which has rosewood handles and stainless steel blades which sells for about £7.20 for a five-piece place setting.

The complete Denby collection is going into stores during September and a number of special Denby departments are being opened in major stores. At the moment it isn't possible to see the complete collection anywhere but Cavendish House in Chesham are showing quite a big selection in their current "Best of British" Exhibition. Otherwise Avignon will shortly be in Rackhams of Birmingham, Kendal Milne of Manchester and Harrods, Selfridges and Lawleys of London.

To give you an idea of prices the items in the photograph are: a teapot, £7.75; a large dinner plate, £2.10; a sugar pot, £2.10; a cup and saucer, £1.90 and 50p; and the cutlery in the front is Regency which costs £2.30 for a five-piece setting and has off-white stone handles and stainless steel blades.



Above is some new glass from Whitefriars. I like the fact that it combines simplicity with elegance and I find the shapes exceedingly pleasing. They are hand-blown in English lead crystal and from left, the sherry glass is £2.30, the small wine glass is £2.60 and the large wine glass is £3.00. The range is called the Elstree range and, like other new season's designs, is going into china and glass departments this month.

STOREMORE is a mail order company that sells just the sort of very dull but eminently useful things that can make an important daily difference in the running of a home. Many of the items they sell are very small and would take quite a lot of tracking down in big stores. In the brochure it is easy to select in comfort—all are listed with relevant measurements and with clear line drawings.

To give you some idea of their range—they do all those small plastic shelves which are

a flexible and useful way of making the most of inadequately planned storage space. They do stacking models and multiple models; they do ones that hook onto existing shelves and ones that slide on to the inside of doors, plastic cup racks, and plate and vegetable racks.

For deep freezer owners there are plastic-coated wire baskets (two for £2.60) and this exceedingly useful thawing box (juice from thawing meat falls through the per-



OUR CURRENT wonderful summer seems to have generated a great deal of interest in feet. It may seem an unlikely train of thought but not to the beauty houses who immediately assume that in hot weather more people have more trouble with their feet and they have brought out a host of rather enticing products designed to soothe, bathe, lubricate and pamper them.

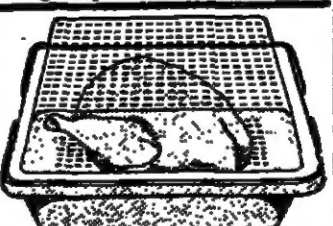
Scholl, of course, always take interest in feet in cold weather as well as hot and for them feet are very serious business indeed (26 bones joined together and supported by ligaments and muscles, they warn us, lest we be tempted to take the matter too lightly). They recommend basic foot hygiene—that is, daily washing in warm, not hot, water, careful drying, especially between the toes, regular trimming of the nails—and then they offer a large selection of preparations to deal with specific problems. There is Rough Skin Remover (30p) which does actually do what it says it does.

There's their Softening Lotion (56p) which is a good non-greasy softener of skin. I find their Foot Deodorant Spray (45p) extremely useful when wearing boots but its nice cool feel and smell would undoubtedly make it good to use in summer.

For those with serious perspiration problems there is the Scholl Dry-Anti-Perspirant Spray (45p) and now there is also a new Dry-Powder Spray (45p) which contains a deodorant as well as an antiperspirant. The cheapest corn and callous remover on the market seems to be Boots charmingly-named "Union Jack Paste" which gels for 9p. Boots also have their own brand foot cream which is meant to be soothing and non-greasy for hot tired feet and sores caused by too much tightness or ill-fitting shoes, as well as their own foot powder which contains a deodorant and comes in a puffer pack for 19p.

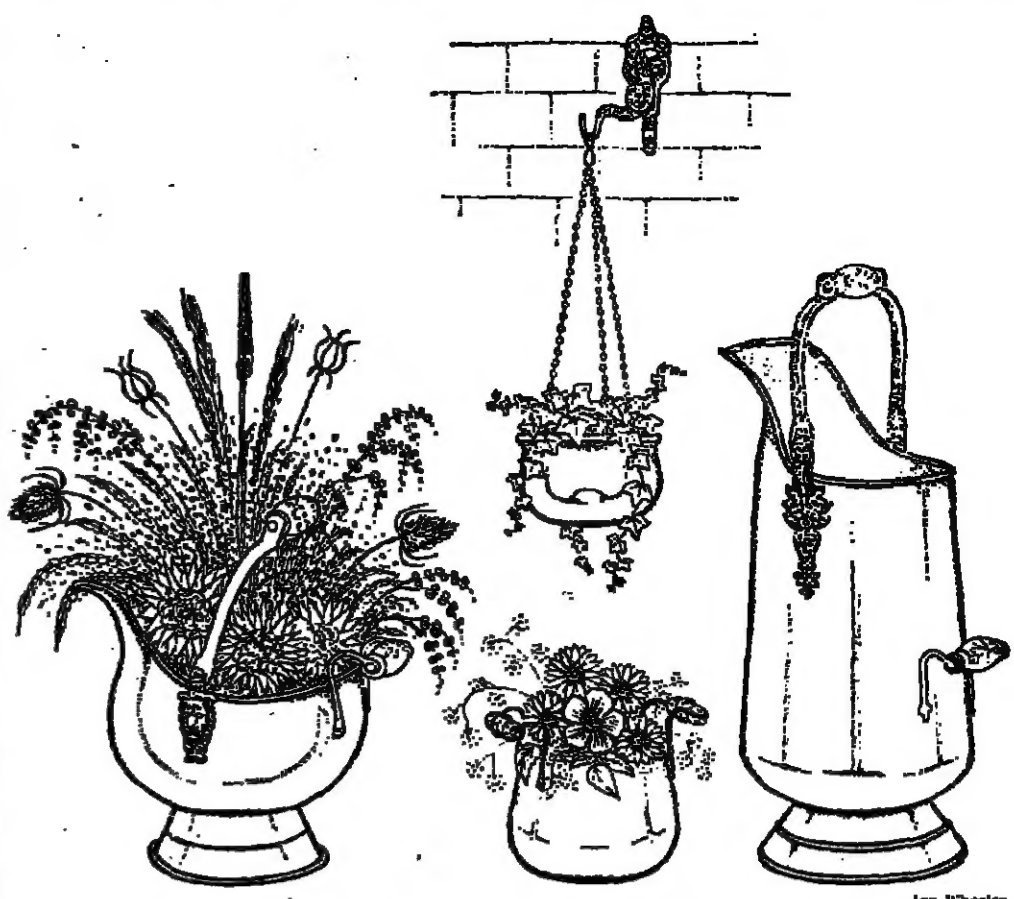
If you like more exotic preparations there is no shortage. Lander suggested bathing with their Azurée Mineral Bath Salts and my assistant, Patricia Wright, who tried it out tells me it makes the water a beautiful Mediterranean blue, left her smelling sweet and all this without leaving a mark on the bath. She liked the smell of Azurée which is younger and fresher than other Estée Lauder fragrances. It costs £3.50 for 360 cc. Estée Lauder also do a "Mint Pick-up Bath" which it means to help both hangovers and tired feet, a handy combination. £2.90 for 240cc.

Revlon's natural honey skin lotion is designed for chapped dry skin but is, apparently, lovely for any skin. It is absorbed quickly and leaves no greasy trace. 65p for 168cc.



There are also shoe tidies, wine racks, a multitude of devices for airing clothes, most of which fold flat so that they can be easily stowed away when not in use.

If these are the sort of things you think your house could do with Storemore have a catalogue which they send out—it's not luxuriously produced but it is easy to follow, sensibly laid out and all the relevant information is there. Write to: Storemore Products, 153 High Town Road, Luton, Beds.



Faithful readers will know that though I'm much addicted to greenery I'm not the most gifted in that line—the most flourishing of plants has been known to drop soon after coming into my care. However, this year, something amazing has happened. All around me the greenery is flourishing. Whether it's the unaccustomed warmth that has made them bloom or I've suddenly developed green fingers I'm not quite sure. Though my daughter describes our house as a cross between Kew Gardens and an art gallery, I just sit back and enjoy the unaccustomed bourgeois.

For those who are similarly blessed in this warmest of summers Barkers of Kensington High Street have a big collection of extremely attractive copperware, any or all of which could make exceptionally good plant-holders.

All the items have been copied identically from old, antique pieces and the French firm that makes them guarantees "a perfect imitation."

The copper itself has an appealing warm lustre which is a good foil to plants, dried flowers, berries or acorns.

In our drawing we show a selection of this copperware and our artist has suggested ways in which they may be used. From left to right: a full-size coal-scuttle (there is also a miniature one for £9.85) which measures 12" from lip to base and 10" from side to side at the handle point. It is £21.95.

The hanging basket has a 4 1/2" diameter and the chain length is 11 1/2". The price of £8.25 includes the bracket for attaching to the wall. The small copper container with the two porcelain handles is 5" high, 4 1/2" in diameter and is £7.50. Finally, the very tall coal scuttle is about 26" from lip to base and the large handle is hinged so that it can be moved sideways to make room for a plant or flowers. It is about £20.

Barkers will send any or all of these for 40p per item.

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HOME NEWS

Cannon St. Acceptances has £24m. deficiency

BY NICHOLAS LESLIE

CANNON Street Acceptances, the banking subsidiary of Cannon Street Investments, the banking and investment group for which a rescue plan was announced in September last year, has a total deficiency of £24.1m.

As a victim of the crisis in the secondary banking sector, Cannon Street Acceptances, which suffered badly when about £45m. of deposits was withdrawn within about 12 weeks early last year.

Insufficient

The facts were disclosed by Mr. John Clementson, the senior Official Receiver, at the first meeting of creditors of CSA in London yesterday.

He said that assets of some £21m. were insufficient to meet the claims of preferential creditors and debenture holders. Thus,

there would be no funds available to repay the £5m. owed to unsecured creditors and the £5m. due to shareholders.

He had been advised that from November, 1973, there had been a general loss of confidence in secondary banks and that depositors had begun withdrawing funds rapidly—total withdrawals being £45m. in some 12 weeks.

This had brought the company under severe financial pressure and in September, 1974, Cannon Street Acceptances was taken over by CSA's main bank, National Westminster, which held a debenture, appointed a receiver. Assets so far realised totalled £7m.

Explaining the collapse, Mr. Clementson said that he had been told by CSA's directors that the failure was due both to loss of confidence in secondary banks and the fall in the value of property.

There had been a "disastrous" fall in securities with the result that lines of credit built up in the money market had been lost and the company had become almost entirely dependent upon bank overdraft facilities.

Support

When it was announced last September that a rescue operation was planned for CSA, it was disclosed that under the auspices of the clearing banks' support operation, depositors of CSA would be repaid as payment fell due. In addition, NatWest would end up with a 50 per cent stake in a "slimmed down" CSA group.

At yesterday's meeting of CSA, creditors passed no resolution, merely leaving the situation in the hands of the Official Receiver as liquidator.

Liquidator for Clyde Valley Estate

By John Trafford, Property Editor

SCOTLAND'S largest residential property agency, the Clyde Valley Estate Agency, which has 32 subsidiary or associate companies, has collapsed owing £350,000. Mr. William Brownlie of Fraser, Lawson and Laing (accountants) was appointed liquidator yesterday to the parent company and to its subsidiary Clyde Valley Commercial Properties, which is involved in residential property development as agent for other interested parties.

The group has been handling the sale of about 2,000 houses a year, over 80 per cent of its agency business. The balance of this business was in offices, shops and industrial premises.

Although the group's business has held up well in recent months, the cash-flow position has become increasingly problematic because of slow collection of debts. The position of the parent company, according to a financial statement yesterday, was that total assets were £23,381, and liabilities were £26,811, and there was a deficiency in the statement of affairs of about £350,000.

Mr. John McCafferty, 43, managing director and holder of about two-thirds of the parent company's shares, said yesterday that shareholders had passed a resolution that the company should be wound up.

Mr. Brownlie said after the meeting that no payment would be made to ordinary creditors. Prior creditors would be paid in full.

None of the group companies is trading, but negotiations are expected shortly to switch the Clyde Valley shareholdings in subsidiary and associate companies to new owners.

Motor-cycle sales up as show opens

By Brian Ager

THE MOTORCYCLE Show opens at Earls Court, London, today (August 29). The show, which is the largest of its kind in the world, is expected to attract over 200,000 visitors. The show is expected to be a success, with sales of motorcycles and accessories expected to be high. The show is expected to be a success, with sales of motorcycles and accessories expected to be high.

Israel 'may test Egypt's goodwill with Suez cargo'

BY ROBERT GRAHAM

JERUSALEM, August 28.

ISRAELI OFFICIALS are dropping hints that as a test of Egyptian good faith a non-military cargo bound for Israel will be sent through the Suez Canal before formal signature of the new interim agreement. Under the 1974 disengagement agreement, the latter undertook to let such cargoes through the Canal, but so far none have done so.

With the initialising of the interim agreement due either on Sunday or Monday, there will then be a lapse of about three weeks before formal signature through the Canal, but so far none have done so.

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It is expected that the public part of the new Egyptian-Israeli agreement will make specific reference to the free passage of non-military cargo bound for Israel through the Canal. However, it seems the Israelis have refrained from pressing to include Israeli flag-carrying vessels. Also relating to shipping, the agreement is expected to declare the Bab el Mandeb Straits an international waterway. This is an oblique reference to the blockade of the straits by Egyptian warships during the Yom Kippur war, and an inference that in future Egypt would not take such action.

It is argued here that once cargo bound for Israel is seen to pass through the Canal, this, coupled with the Israeli withdrawal, will help reduce insurance premiums for shipping. This in turn would encourage more ships and hence Egypt's canal revenue.

THE FOREIGN Ministers of the non-aligned countries, meeting here this morning, seem to have arrived at agreement on a motion seeking action for the eventual expulsion of Israel from the United Nations.

The resolution, which goes for final confirmation to the plenary session of the conference meeting here this evening, is somewhat less trenchant than the leaders of the Arab bloc would have liked.

The practical effect of the adoption of the resolution would be formally to commit the 82 members of the movement to support the spirit of the Kampala agreement reached at the African Summit earlier this year.

The draft requests the non-aligned countries to take the most adequate measures in order to strengthen their pressure on Israel in the UN and its specialised agencies, including the pressure of eventually depriving it of its membership of these institutions. But some countries will express reservations as to its interpretation.

THE U.S. Department of Agriculture has reduced its estimate of this year's Soviet grain harvest further to 175m. tons. The forecast, based on data supplied by the Russians themselves under the much-criticised information sharing agreement, is 5m. tons below the estimate made as recently as August 11, which was based in part on direct observation of Soviet grain-growing regions by an American team.

According to the department's economists, the Soviet Government is unlikely to raise its overall import needs, currently believed to be about 25m. tons, because of limitations on its port capacity. Faced with a shortfall of about 40m. tons from their target of 215m. tons, the Russians are expected instead to cut back consumption, slaughter more livestock and draw down their reserves, the size of which is unknown to American experts.

The new reduction in the Soviet harvest, however, is also certain to add to world demand for grains and soybeans this autumn. The Ford administration hopes to sell the Russians a substantial portion of the 8.5m. tons of so it believes they will still want to buy later in the season, and has received some encouragement from recent rains in the Midwest for confidence that the principal U.S. crops will meet expectations.

In addition, the Americans expect as much as 5m. tons to be required by the East European countries who are traditionally dependent on the Soviet Union as a supplier.

The administration appears to have made no headway in its efforts to persuade American dockers to call off their boycott of grain shipments to the USSR, although crews at Texas ports are continuing to load them under a temporary court order pending full hearings.

THE motives for this scheme stem from the increasing state of competition on Wall Street since the elimination of fixed brokerage rates last May. Since exchanges currently take an "odd-lot fee" of 12 cents a share on present deals, Merrill's plan of dealing from its own stocks would enable it to undercut other firms' prices.

While the New York Stock Exchange has not yet formally refused permission, it seems unlikely to be approved without a battle. NYSE chairman James Nease last night warned that, if approved, it would have "profound and possibly traumatic" effects on the industry.

AN INDONESIAN naval force waited off Portuguese Timor today ready to intervene, if asked, to evacuate refugees from the fierce fighting in the colony, informed sources said.

But there was no invitation for the Indonesian force to intervene, whose special envoy, Dr. Antonio Almeida Santos, held talks here today with Indonesian leaders.

The sources said that in the fighting between rival independence movements, the Indonesian Government had been reluctant to intervene, but had been asked to do so by the Timorese Democratic Union (UDT) held the rest of the town, including the radio station, and was believed to be in control of more of the Timor interior than Fretilin.

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Two Basque nationalists sentenced to death

By Roger Matthews

MADRID, Aug. 29. TWO MEMBERS of the Basque separatist organisation ETA were today sentenced to death by a court martial in Burgos for the killing of a corporal in the Basque province of Vizcaya.

The Basque provinces of Vizcaya and Guipuzcoa, widespread strikes continue today in protest against the court martial, and labour sources estimated that well over 100,000 workers were involved.

At least five people have been shot and wounded by police during three separate demonstrations in the past 24 hours in different parts of the Basque region, although so far only an incident in the town of San Sebastian has officially been revealed.

Police there admit to having shot two men who were allegedly distributing "subversive" literature. Police say several men opened fire on them. A young woman was also admitted to hospital with a critical throat wound.

Some smaller Basque towns were reported to be at a virtual standstill with shops and offices also shut. Under a new anti-terrorist law introduced this week, anyone showing public sympathy with illegal political organisations or separatist groups faces stiff prison sentences.

Once the death sentence against the two men has been confirmed, the captain-general of the Burgos military region, expected later today, defence lawyers have three days in which to appeal to the Supreme Military Court. If the appeal is rejected, only the 82-year-old head of state, General Franco, can save the men from dying. As in the case of a Barcelona anarchist student last year, legal sources believe the two ETA men will be garroted.

Jose Antonio Garmendia was found guilty in yesterday's five-hour hearing of actually being responsible for killing a member of the Guardia Civil. Military doctors testified that his reasoning had been impaired as a result of a bullet wound in the head, suffered during his arrest, although the court decided he was fit to plead. Garmendia said that Garmendia could not be described as having "totally lost" his power of reasoning.

Neither prosecution nor defence asked him to speak during the hearing, and according to court observers, his expression was totally blank throughout the proceedings.

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Energy must still be conserved after 1980, says Treasury

BY JOHN HUNT

EVEN WHEN the U.K. is self-sufficient in oil after 1980 it will still be essential to conserve energy consumption in order to maximise the benefit to the economy, according to a memorandum drawn up by the Treasury.

Entitled "North Sea oil and the Balance of Payments," it was submitted earlier in the year to the energy resources sub-committee of the Commons Select Committee of Science and Technology and published yesterday.

The memorandum says that there will be a very large accumulation of debt for Britain to service and eventually pay off during the 1980s.

OPEC surpluses

Estimates in the Treasury suggest that by 1980 the total real value of cumulative OPEC surpluses would amount to between \$300bn. and \$400bn. at 1974 prices. Outside forecasts put the figure in the range of \$200bn. to \$250bn., which the Treasury agrees is likely.

If the less developed countries continued to finance current account deficits at the present level then the OPEC area might return to current account surplus by 1980. But massive accumulation of oil producer surpluses would undoubtedly thrust deficits of an equal magnitude on the rest of the world.

It was not possible to give a

precise calculation of Britain's share in that collective deficit. It was clear, however, that the reduction in Britain's oil imports expected later in the 1970s our cumulative deficit would still be substantial.

Our position had been made worse by the large balance of payments deficit before the oil crisis. North Sea exploration and development would add substantially to the deficit this year and next, even though the non-oil deficit on current account is forecast to turn into a substantial surplus this year.

In 1974 our oil deficit was £3.5bn. and in the current year North Sea oil production would not make a sizeable impact on this figure.

"In 1976 the impact will be greater but still small relative to the size of the deficit. Between 1977 and the end of the decade the oil trade deficit ought to be reduced gradually and then eliminated."

Even so, the cumulative current account deficit—including oil and non-oil trade and the cost of servicing debt to the end of the 1970s—was bound to be large.

A Government fuel-efficiency organisation, which would use public funds to help energy-saving in industry is advocated in a report commissioned by the Department of Energy.

It was drawn up by Mr. J. Basil Mason, a consultant engineer and chief fuel engineer of

the former Ministry of Fuel and Power.

"Most firms consuming less than £40,000 worth of energy per annum have no one on the premises responsible to top management for energy control," he comments.

Mr. Mason was asked last year to recommend how a Government-sponsored "first aid" advisory fuel efficiency service could be provided for small and medium-sized companies.

Whether his proposals will be adopted by the Government remains problematical. A strong body of opinion within the Department of Energy considers such a scheme would be too large and costly. Instead, it favours an extension of the present system where officials in regional offices of the Department of Industry give advice on energy saving.

Under Mr. Mason's scheme, a team of heat and power engineers with recent experience of industry would be backed up by two technical officers attached to each regional office of the Department of Industry.

The engineers would visit factories and make recommendations while the technical officers would ensure these were implemented. The scheme would be made available where inefficient units needed to be replaced or modified. The programme would concentrate on companies which were confirmed fuel wasters.

Mr. E. F. Brockway, association president, said the return to the public interest in two-wheeled transport. The association had made a provisional booking for a show there next year.

One regret expressed by Mr. Brockway and others at the show was that only one stand was taken up with British-made machines. It was a pity no British small motorbikes were available, he added. Norton and Triumph, which share a stand, makes only "superbikes".

The number of Japanese exhibitors reflects their dominance of the British market, with a wide range of machines from 50cc to 1,000cc engine capacity. The range of machines is expected to be expanded to include a range from 125cc to 650cc.

Manufacturers from other East and West European countries and the U.S. are also exhibiting. The show runs until September 4.

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Many more tankers for scrap

By James McDonald, Shipping Correspondent

WITH NO sign of relief in the world tanker depression, the major development over the past month has been a considerable increase in the volume of tankers sold for scrap.

According to E. A. Gibson Shipbrokers, over 1m. dead-weight tons more was earmarked for scrapping in August, raising the total by 24 ships of 5.9m. tons.

"This has mainly been brought about by the placing for scrap of a number of larger units by one major oil company" (Exxon), says Mr. E. F. Shaver, Gibson's managing director.

Laid-up tonnage rose by over 3m. tons to 487 tankers, 38.7m. tons. Cancellations of orders with world shipyards rose by 1.2m. tons to 155 vessels, 37.7m. tons.

Woolworth seeks big role in drinks trade

BY KENNETH GOODING

WOOLWORTH, the stores group, will have established itself as a big force in the liquor retailing industry by the end of the year.

There will be comprehensive wine and spirits departments in 50 stores by Christmas, compared with the present 14, and at eight Woolworth outlets, Mr. Mike Sherlock, Woolworth's sales director, said yesterday.

With a strong retailing business established, Woolworth has decided to branch into the "own label" liquor market.

A "Winfield" British sherry is to be introduced soon at a competitive 89p a bottle and £1.39 a litre.

Mr. Sherlock said that discussions were also going on about introduction of Woolworth's own label beers as well as other drinks.

The licensed stores at present stock up to 80 table wines, and "full range" of spirits and beers.

Christmas would be an important test of the licensed operations because for most of them it would be the busiest time in the drinks trade. Mr. Sherlock said that the results of the Christmas trading will be a main factor in Woolworth's plans for expansion in this sector, and in how many more of its 1,000 stores apply for liquor licences.

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LATEST WILLS

Bargain time in houses is almost over

BY MICHAEL CASSELL

AFTER a four-year period in which house prices first rose by up to 50 per cent—and even more in some parts of the country—and then stagnated or went into sharp reverse, there are now signs that something approaching normality is returning to the residential property market. This week's Government statistics, which pointed to a continuing though somewhat less than wholehearted effort on the part of house builders to step up their construction programmes from one of the lowest points reached since the last war, are an indication that at least some of the confusion and uncertainty surrounding the private housing market has been removed.

Prices are again rising and for the first time in over two years many house builders can again see the prospect of reasonable profits ahead. The market has been pulled to its feet largely because of the unparalleled success which the building societies have had in attracting funds. This, combined with a rapid increase in average incomes, has meant that the purchase of a home has again been brought within the reach of more people.

Demand for mortgages has been building up to high levels throughout this year, with around £470m. a month going out in loans. About 60,000 mortgages a month are now being arranged, almost the same rate achieved at the time of the last boom in 1972, and total advances this year are likely to reach £5bn. against £3.5bn. three years ago.

There is nothing neat about the way in which prices have so far responded to this latest situation and while some types of property may now be appreciating at an annual rate of anything between 10 per cent. and 15 per cent., prices in other categories may still be at a standstill or



A young couple study prices in North London: in the South-East, there is no shortage of customers for homes up to £15,000.

at least extremely sluggish. There is a consensus, however, that average prices throughout the country in the first half of this year rose by around 6-7 per cent. and there seems little doubt that the rate of increase is accelerating.

Though any line drawn must be an arbitrary one, evidence from building societies and estate agents suggests that, for the country as a whole, homes costing up to £13,000 or £14,000 are now selling briskly and those builders who have been sufficiently encouraged to step up work levels are finding little difficulty selling them when they are completed or even before.

In the middle-price range, up to around £25,000, the picture is less buoyant. Most homes in this bracket are bought by existing owner-occupiers who are trading up into something better and for the moment there appears to be a range of financial constraints confronting them sufficient to put them off.

In the view of the building societies, it is not the actual cost of the necessary mortgage which is the major prohibitive factor but the prospects for further heavy increases in all the associated financial commitments, such as rates, fuel bills and travelling expenses. Fears that even bigger overruns could quickly make a larger home unaffordable are clearly keeping many people where they are and the prospect of limited increases in earnings over the next year should inject a further degree of caution in the minds of those contemplating a change of home.

Confident

Despite all this, however, the rate of sales in the so-called middle-price range is increasing and some estate agents are becoming quite confident about prospects. Like the Government and the building societies, they realise that for the whole residential sector to progress smoothly, with up-trading replacing lower priced properties for first-time buyers, the revival which has now begun at the bottom of the market must be extended upwards.

It was with this factor in mind that speculation over the possible removal of tax relief on loans was firmly squashed by the Environment Secretary, Mr. Anthony Crosland, a short while ago and the proposed raising of the £13,000 special advance limit for building societies to £20,000 was another expression of the Government's desire to promote confidence throughout the housing market and not merely at the bottom end.

In the case of the most expensive homes, where building society finance is not normally involved, the situation is most regularly described as "very sticky" and although sales are now beginning to pick up, homes are changing hands at prices which can be a considerable disappointment to those selling.

In the south-east, the market appears to be a little more advanced, with activity extending further into the higher price ranges. For homes up to £15,000 there is no shortage of customers and there appears to be a good deal of movement as far upwards as £35,000, with estate agents still holding moderately-sized lists, although they are not as long as they were a year ago.

With the housing market, therefore, once again moving slowly forward, both in terms

of new building and prices, all attention is now being focused on what happens next. The overriding problem is one of how best to encourage and sustain a situation in which the builder has confidence to build where price increases are contained.

It is something of a surprise to many people within the building societies and the Department of the Environment that prices have not already begun to move ahead far more sharply, given the strength of demand and the degree of finance available. The explanation appears to lie largely in the fact that although a large proportion of the new and second-hand homes which have been on the market for so long have now been sold, there remains a sizeable number to be absorbed before the pressure on prices begins to mount.

Apartment building shot up by around 25 per cent. or more.

Builders' margins have suffered badly as a result and with precious little in the way of profits coming from land, contractors have been going out of business at a rate rarely seen before. Large amounts of capital remain tied up in the homes built for a buoyant market but for which there remain no buyers and until there are, nothing can be done.

Only yesterday, the Federation of Master Builders echoed the sentiments of the whole house building industry when it said that "bargain time" for the home buyer was almost over and that the yawning gap between costs and current market prices could not continue for much longer if the industry was expected to restore high activity levels.

But if price increases are inevitable, there is every reason to believe that this time the situation will be a controlled one and the events of 1972 will simply not be allowed to repeat themselves. For most of this year, the societies and the Government have been working closely together to ensure that, if the crunch does come, they will be prepared.

Deposit

As well as limiting the overall sums readily available for house purchase, the societies are making second-time buyers put up a much larger deposit than has customarily been the case. Despite the prices standstill of the past couple of years, people now moving are realising substantial profits on their sales and societies are insisting that a good proportion of this goes into the next home, an effective measure to help dampen down any inflationary tendencies.

In addition, prospective borrowers who tell their local building society branch manager that, because of wage inflation their mortgage commitments now represent a much smaller proportion of their income and that gearing up would therefore seem desirable, are not being heard very sympathetically.

No one is suggesting that prices will not continue their upward path, and at something considerably in excess of the present rate of increase. Indeed, without some significant rise in prices, builders will not contemplate any really substantial improvement in output levels, for while house prices have over the last 12 months risen by 10 per cent. at most, construction costs have

been taken up in the available stock of housing, and if building society finance remains plentiful and few new homes are still emerging through the pipeline, then there is no doubt that the housing market will have to be directly manipulated and this is most easily done by cutting the flow of finance.

If overheating does seem likely the danger signals could come when prices of new and second-hand homes begin to rise more rapidly than the retail

Restraint

The building societies and the Government could, on the other hand, find that they may never have to face up to the problem of withholding funds as part of the wider battle against inflation, for while there is as yet no reason to expect a slackening in mortgage demand, the effects of the forthcoming period of income restraint have yet to be seen.

A curb on wages could, at the same time, quickly reduce the flow of savings into societies as people attempt to maintain living standards and dig deeper into personal reserves. Such a trend would soon remove any problems that might arise over an awkward surplus of funds.

Whichever way events move, the appearance of another outburst of wildly escalating house prices which has haunted the Government, building societies and many potential home buyers since 1972 looks unlikely to materialize again. A great many lessons were learnt on the last occasion and there is overriding determination on the part of all those concerned to see that the housing market in future will progress in a more orderly manner.

Manipulated

In the event of the "slack" being taken up in the available stock of housing, and if building society finance remains plentiful and few new homes are still emerging through the pipeline, then there is no doubt that the housing market will have to be directly manipulated and this is most easily done by cutting the flow of finance.

If overheating does seem likely the danger signals could come when prices of new and second-hand homes begin to rise more rapidly than the retail

LABOUR NEWS

Swan Hunter unions in peace move

BY JOHN WYLES, LABOUR REPORTER

UNION NEGOTIATORS will seek next week to agree a face-saving formula with Swan Hunter management which could pave the way for a speedy end to the eight-week strike by the 6,000 outfitting and ancillary workers at the company's Tyne shipyards.

The strikers have been confronting the Government's new 50 pay policy with a demand for interim rises of £10.30 a week to be paid in January, but their shop stewards yesterday agreed that a settlement of the claim was not possible at this time and said they would try to negotiate a return-to-work formula.

They are hoping to meet the management on Tuesday to seek a guarantee that, when Government policy permits, the company will move towards pay parity between boilermakers and other craftsmen.

The six unions involved are clearly optimistic that management, which has already agreed to review the wage structure when free to do so, will be willing to give a commitment on parity.

The strikers' demands were sparked off by the boilermakers' annual settlement in June which yielded £10.30 a week rise by January. This widened pay differentials which were already a source of grievance among the outfitting craftsmen and ancillary workers, who claimed that management was unjustifiably favouring the boilermakers.

But any prospect of a settlement of their claim for interim pay rises was ruled out by the

Drop in business building orders worries industry

BY PETER FOSTER

THE DECLINING LEVEL of business confidence is sharply underlined by the further sharp slump in orders for private industrial and commercial buildings in the second quarter of this year.

Despite signs of recovery in public and private housing sectors, and other public building, revealed yesterday in provisional figures from the Department of the Environment, this decline in orders for private factories and offices is preventing an upturn in the overall level of contractors' business.

According to the Department's figures total new orders in the second quarter, at constant prices and seasonally adjusted, were down 2 per cent. on the first quarter and were 2 per cent. below the level of the second quarter of last year.

36% fall

But within this total orders for private industrial building registered a 36 per cent. fall from the first-quarter figure and were 41 per cent. below the level of the second quarter of last year.

Commercial orders, although they registered no change from the first three months of the year, were 37 per cent. down on the same period of last year.

At constant prices and seasonally adjusted, private industrial contracts in June fell to £18m.

and the average monthly figure for the second quarter of £23m. is scarcely half the average of the past five years.

These trends in the private sector are causing concern in the building industry and dampen whatever cheer can be gained from the tentative recovery in house-building. New orders in the public housing sector in the second quarter were up by 3 per cent. on the previous quarter and 30 per cent. above the depressed levels of the second quarter of last year.

Meanwhile, private housing orders registered a 5 per cent. increase over the first quarter and 13 per cent. above the same quarter of last year.

Encouragement

There was also some encouragement in Government orders for public works, 8 per cent. up on the previous quarter and 20 per cent. on the corresponding period of last year. The total value of new orders received by contractors in June was £533m.

Mr. R. M. Willan, president of the House-Builders' Federation, said yesterday that if the Government proceeded with its land plan, in particular fixing development gains tax at 50 per cent., there could be "a total land famine" within two years, and the house-building programme could be brought to a complete stop.

Slater Walker unit trusts merger plan hits £1m. stamp duty snag

BY CHRISTOPHER HILL

SLATER WALKER has run into trouble with its plans to merge a number of its unit trusts, following the acquisition of the National Group in January this year.

The stumbling block is a new ruling by the Inland Revenue which would involve Slater Walker in the potential payment of about £1m. stamp duty if its merger plans were to go ahead.

About £50m. of funds would be liable at a 2 per cent. rate if the total number of funds in the Slater Walker group were reduced from 44 to only 25.

The Inland Revenue ruling was given in a letter to the Association of Unit Trust Managers a few weeks ago and SW is very unhappy about it.

Its view is that when the National Group was taken over, the Department of Trade was particularly anxious that the ten trustees should be merged in the interests of unitholders. It also made commercial sense for the management company and Slater Walker willingly agreed to put the mergers through.

Having begun with a small merger involving the Provident Investors Trust and the Security

First Trust (involving around £5m.), SW is unlikely, however, to proceed with this or future mergers if the Inland Revenue's ruling stands.

Mr. Brian Banks, the managing director of Slater Walker Trust Management, said that the trustees would be unlikely to recommend that mergers should take place between funds with similar objectives if they were liable to stamp duty.

This stamp duty problem in connection with unit trust mergers has arisen in the past, but was sidestepped by using an "oral" rather than a "written" instrument of merger where the same trustee was involved.

From now on it appears that mergers may all be forced to use a "written" instrument on which stamp duty would be payable. The Inland Revenue's view seems to be that whenever a change of beneficial ownership of assets takes place a liability to stamp duty is involved.

The effect of other unit trust group holders, Slater Walker and the Inland Revenue is talking to the Association of Unit Trust Managers rather than directly to the principals involved in the mergers.

Ford conveners replace moderate secretary

BY OUR LABOUR CORRESPONDENT

MR. BILL CLEARY, the outspoken moderate union convener from Ford Motor's Basildon plant, was yesterday replaced as secretary of the Ford union national conveners' committee.

Mr. Cleary, who in July called on his union, the Transport and General Workers Union, to conduct an inquiry into the activities of political extremists at the company's Dagenham body plant, lost the secretaryship by 10 votes to 16 at the annual meeting of Ford conveners.

He is replaced by Mr. Bernie Passingham from Ford's River

Two directors quit Edward Bates

BY DAVID BELL

TWO DIRECTORS have resigned from the Board of Edward Bates, the merchant bank in which Arab interests recently bought a 25 per cent. stake.

Mr. David Keown-Boyd, the chairman, said last night that the departure of the two men—Mr. E. D. Barkway and Mr. P. J. Paterson—had been "extremely amicable" and followed Bates' decision to discontinue various activities.

"Our style of business has changed in the past year and we are now tying up the loose ends of certain aspects of property and other investments which do not fit in with the activities on which we wish to concentrate in the future," he said.

Mr. Barkway, who has been running Bates' oil and gas operation for the last three years, said he wished to pursue a "solo course" concentrating on providing risk capital to smaller oil exploration companies rather than the larger-scale project finance in which Bates now appeared to be interested.

Both Mr. Barkway and Mr. Paterson, who was not available for comment last night, have decided to retain their stakes in the company. Mr. Barkway has 214,000 shares and Mr. Paterson is understood to have more than 100,000.

Mr. Barkway said that he was expecting to receive compensation for loss of office, but de-

NOTICE TO CARDHOLDERS

Alteration to the Barclaycard interest rate.

In common with other organisations, Barclaycard has suffered large cost increases over recent years particularly in the financing of cardholder credit. In addition, Government restrictions on credit cards have affected the profitable development of the service.

Despite economies, and the introduction of new, more capable computer systems, it is no longer possible to absorb higher financial costs and at the same time maintain an efficient customer service. Regrettably, therefore, we have no alternative but to make the following adjustment to our terms:

With effect from 1st November 1975 the rate of interest charged by Barclaycard on balances left outstanding on extended credit will be increased from £1.50 per month to £2.00 per month. This means that interest will be charged at the new rate on all amounts left outstanding from balances shown on statements issued from the beginning of October.

If no allowance was made for the free credit period, which varies between 25 and 56 days from the date of purchase, the new maximum effective rate of interest would be 26.82%. In practice however, it is extremely unlikely that any cardholder would be charged interest at this rate, since the rate varies depending on the amount of each monthly payment and the period over which repayment is made. For example, if a purchase was made costing, say, £100 and repayment made by six equal monthly amounts, the first of which became due after one month, the equivalent annual rate of interest would be 18.32%. Similarly, but with repayment made by three equal monthly amounts, the rate would be 12.64%.

This decision has been taken with the greatest reluctance and represents the first increased cost to cardholders since Barclaycard was introduced in 1960.

Shoe workers win living cost increase

By Our Labour Correspondent

ABOUT 65,000 workers in the footwear manufacturing industry will receive increases of £3.50 a week for men, £3.00 for women and more than £8 a week for some pieceworkers from next month. Most of the money will be offset against the £6 Government pay limit when national negotiations fall due in March.

The September increases are part of the industry's sliding scale cost-of-living payments which are paid six-monthly in the period between biennial national pay settlements.

Strike ends at university

TECHNICIANS at Surrey University, where the British Association for the Advancement of Science is holding its annual meeting, last night called off a four-month-long strike over a claim for a £180 area weighting allowance.

Mr. Bryan Peake, chairman of the Association of Scientific, Technical and Management Staff branch at the University, said they had called the action off because the University secretary, Mr. Peter Timms, said he would sponsor their case at a meeting next Thursday of the University Committee for non-teaching staff, the national negotiating body for the technicians.

WALL STREET + OVERSEAS MARKETS + LATEST PRICES

Index continues to move up

BY OUR WALL STREET CORRESPONDENT

THE STOCK Market, which scored its second best gain of the year yesterday, continued along a firmer path to-day, but in heavier trading.

The Dow Jones Industrial Average gained 3.87 to 835.34 and the NYSE All Common Index advanced 31 cents to 446.29. Rises topped declines by 1,025 to 381 and trading volume was up 950,000 shares at 15,458m.

Analysts said the gain stemmed from a combination of factors, including belief that interest rates may have peaked, bargain hunting in many of the recently

depressed Glaxos and Blue Chips, and indications that an interim peace pact between Israel and Egypt could be initiated by next week.

Energy and related issues were sharply higher at the outset. President Ford is expected to veto legislation extending oil price controls.

The American SE Market Value Index rose 0.82 to 86.64, with advances leading declines by 410 to 189.

Canada moves up

There were general gains in

NEW YORK, August 29.

exception of stores. Banks were strong while Motors, Engineering, Hotels and Foods advanced. Construction and Electronics were mixed. Metals and Oils virtually unchanged.

Foreign stocks generally looked up with Americans very firm. Germany, Dutch, Belgium and Foreign Oils were steady. Golds mixed.

GERMANY—Shares continued to recover, trading up on the Bond Market public issues were again offered heavily and the regulating banks took up another DM100m. nominal of paper in Frankfurt alone. A clear rise in offerings of individual bonds in the market by small private investors.

Motors and Engineering led gains, but Steels dropped up to DM1.50. Leading Chemicals were little changed.

BRITAIN—The FTSE 100 rose a broad front encouraged by the Wall Street although trading remained thin and price movements were small.

Major Locals all firm. U.K. and Germany were little changed, but all other Foreigns rose, including slightly former Gold Mines.

SWITZERLAND—Advanced, virtually across the board, with sentiment aided by overnight firmness on Wall Street. Dutch International apart, steady recovery of most Foreign Investment Funds also gained.

MILAN—Closed irregularly lower in quiet and featureless trading.

Sales affected the big industrial. Financials were generally easier and Bonds were steadier in fair activity.

TOKYO—Advanced over a broad front, breaking a four-session decline, with the gain prompted by the upward trend on Wall Street.

Chemicals were a weak spot, especially the stocks of companies producing polyvinyl chloride products. Following reports that the U.S. Food and Drug Administration has decided to ban the use of polyvinyl chloride to wrap foods as a result of cancer fears.

JOHANNESBURG—Gold and Financials were quiet and basically unchanged. Mining and Industrials were quiet.

BONG KONG—Slightly firmer in more active dealings. Most interest centered on leading issues.

STRASBURG—Markets closed firmer after some early stagnation as a result of late buying support in most sectors. Coal met active buying, support, and Oils were mainly steady.

OTHER MARKETS

PARIS—Broadly higher in calm trading in the light of Wall Street's strong performance on Thursday.

All sectors improved, with the

Indices

NEW YORK

DOW JONES AVERAGES

Close Home Trans. Ind. Trading

Aug 29 835.34 835.34 79.24 15,458

Aug 28 831.47 831.47 78.37 14,503

Aug 27 827.50 827.50 77.28 11,110

Aug 26 823.63 823.63 76.19 10,830

Aug 25 819.76 819.76 75.10 10,550

Aug 24 815.89 815.89 74.01 10,270

Aug 23 812.02 812.02 72.92 9,990

Aug 22 808.15 808.15 71.83 9,710

Aug 21 804.28 804.28 70.74 9,430

Aug 20 800.41 800.41 69.65 9,150

Aug 19 796.54 796.54 68.56 8,870

Aug 18 792.67 792.67 67.47 8,590

Aug 17 788.80 788.80 66.38 8,310

Aug 16 784.93 784.93 65.29 8,030

Aug 15 781.06 781.06 64.20 7,750

Aug 14 777.19 777.19 63.11 7,470

Aug 13 773.32 773.32 62.02 7,190

Aug 12 769.45 769.45 60.93 6,910

Aug 11 765.58 765.58 59.84 6,630

Aug 10 761.71 761.71 58.75 6,350

Aug 9 757.84 757.84 57.66 6,070

Aug 8 753.97 753.97 56.57 5,790

Aug 7 750.10 750.10 55.48 5,510

Aug 6 746.23 746.23 54.39 5,230

Aug 5 742.36 742.36 53.30 4,950

Aug 4 738.49 738.49 52.21 4,670

Aug 3 734.62 734.62 51.12 4,390

Aug 2 730.75 730.75 50.03 4,110

Aug 1 726.88 726.88 48.94 3,830

Aug 31 723.01 723.01 47.85 3,550

Aug 30 719.14 719.14 46.76 3,270

Aug 29 715.27 715.27 45.67 3,000

Aug 28 711.40 711.40 44.58 2,720

Aug 27 707.53 707.53 43.49 2,440

Aug 26 703.66 703.66 42.40 2,160

Aug 25 699.79 699.79 41.31 1,880

Aug 24 695.92 695.92 40.22 1,600

Aug 23 692.05 692.05 39.13 1,320

Aug 22 688.18 688.18 38.04 1,040

Aug 21 684.31 684.31 36.95 760

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Aug 8 634.00 634.00 22.78 0

Aug 7 630.13 630.13 21.69 0

Aug 6 626.26 626.26 20.60 0

Aug 5 622.39 622.39 19.51 0

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STANDARD AND POORS

U.S. STOCK INDICES

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MELBOURNE YIELDS

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Aug 24 815.89 815.89 74.01 10,270

Aug 23 812.02 812.02 72.92 9,990

CCM INDICES

INSURANCE, PROPERTY, BONDS

HOW TO INVEST IN WARRANTS AND SLEEP AT NIGHTS

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(fill in with £100)

signature 1 _____ signature _____
In case of joint applicants all must sign and attach full names and addresses.

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 are still unknown—HELP US BRING THEM RELIEF
 HOPE.

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The Multiple Sclerosis Society of G.B. and N.I.

OFFSHORE AND OVERSEAS FUN

NOTES

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in peace unless otherwise
low for all buying expenses.
include all expenses.
Yield based on offer price
today's opening price.
of U.S. taxes. * Offered
expense: except agent's
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MAN OF THE WEEK

Neither a hawk nor a dove

BY ROBERT GRAHAM



ISRAELI, always highly critical in judging their own leaders, like to have tangible evidence of a person's worth in office. Only when a leader has "proved" himself, or herself, is respect forthcoming.

The Prime Minister, Yitzhak Rabin, is still very much on trial with his future staked on approval being given by the Knesset (Parliament) to the new interim agreement with Egypt which is about to be initiated.

Inheriting the Premiership in April 1974 when Israel was still tormented by the recommitment of the Yom Kippur war, he has had an uphill task in convincing the public that he has the necessary skill and stature.

Slowly he is beginning to rise above his rivals and, though Shimon Peres, the Defence Minister, is ever-present and General Dayan stalks in the background.

He is not helped by a poor public manner, one correspondent describing his TV appearances as sepulchral. Basically he seems to be an introvert with a soldier's bluntness and dislike of slogans.

Within the space of six months he found himself moving from being elected member of Parliament for the first time to being selected as Premier. He emerged as the successful candidate in a rather messy skirmish for the leadership because despite his previous lack of political experience or close involvement with any political grouping, he satisfied two main criteria.

A soldier
Firstly as a soldier he understood the military. He had gained a reputation as an exceptionally able Chief of Staff in the period of the Six Day War. Though publicity went to Gen. Dayan, he was widely credited with having laid the groundwork and done the planning, moulding the Israeli defence forces into a modern fighting unit.

Incidentally, it was not he who led against him during his election that just prior to the Six Day War he suffered a 36-hour breakdown—officially described as nicotine poisoning but in fact put down to nervous exhaustion.

Secondly he was untrained by the criticisms of the conduct of the Yom Kippur War. In fact he was in Washington from 1968 to 1973 and he was in good stead. He was credited with having set up good relations with the U.S. Administration and the White House, thus ensuring the flow of vital American aid at the crucial moment in October 1973.

Nevertheless his appointment from outside the party apparatus was a sharp break with tradition. For the first time Israel has a Prime Minister who does not form part of the "historic leadership" which brought the state into being and guided it through the early years of independence.

Though a leading member of Mapai, the striking force of Golda Meir, he is at 33 of a different generation to his predecessor Golda Meir. He is not imbued with the fortress-Israeli mentality, nor does he fit easily into the favourite classification of hawk and dove in attitudes towards settlement with the Arabs. This has probably made it easier for him to lead the public desire for fresh leadership, to escape from the shadow of Golda Meir's long tenure.

Toughness
His first test came with the breakdown of negotiations with Egypt in March though he incurred the wrath of President Sadat by refusing the terms offered. This "toughness" (always appreciated in Israel) in facing up to the U.S. earned him respect, and will probably help him with public opinion now in this historic move.

He has negotiated a declaration of non-use of force, plus a deep American commitment to peace without having his hands too heavily tied for a future settlement—things which none of his predecessors has done.

His critics accuse him of throwing away Israel's best cards—the Sinai peace and the oil fields—without any positive sign of a broader overall settlement. Mr. Rabin is taking a controversial step but opinion is slowly swinging behind him and if the Knesset approves he will have won his spurs.

Public service unions ready for £6 clash

BY JOHN ELLIOTT, LABOUR EDITOR

THE GOVERNMENT faces the prospect of a clash this autumn with union leaders of 11m public service workers over its insistence that its new £6-a-week pay rises are only a maximum and may not be able to be paid by some employers.

This emerged in Blackpool yesterday when Mr. Alan Fisher, general secretary of the union involved, the Public Employees, said his union would almost certainly oppose the policy at the annual Trades Union Congress next week.

But, he added, if as is expected the Congress backs the policy, his union would be unlikely to try to break it. On the other hand, it would insist on receiving the full £6 even though it realised this might be resisted by some employers.

Mr. Fisher's remarks were in line with the policy of three of the main unions involved in the first key public sector pay negotiations this autumn covering local council and hospital manual workers.

The other two unions are the General and Municipal Workers and the Transport and General Workers, who have already indicated they may be prepared to back strikers of their members against employers who refuse to pay the full £6.

Local council employers, faced with increasingly serious financial problems in their towns and

cities, are now considering whether they can afford to pay the full £6 and undoubtedly will try to give less.

The Government's announcement that the £6 should not be regarded as an automatic right is likely to encourage them to offer a smaller figure, although they have to face an added problem that, faced with militant action, they have already agreed to pay their freemen the full £6.

This issue is likely to bring to a head the split between the Government and the TUC and the status of the £6 which union leaders will stress at the congress next week must be fought for in full by all groups of workers.

Mr. Fisher's Public Employees line emerged yesterday when his union published a policy document—opposing "the £6 limit as an unrealistic approach to the country's economic problems and substituting its own 12-point plan which included strict price controls."

The final decision on how the public employees will cast its block vote—about 500,000-strong—will be decided over the weekend, as will the position of the similarly-sized National and Local Government Officers, who may well decide to back the policy.

Supporters of the £6 received a further boost yesterday when

the small but vocal Electrical Power Engineers union came out reluctantly in favour.

It stressed its continuing dislike of the policy but said that because of the country's economic problems, "we should put up with the policy's deficiencies for a year and do our best to make it work."

The union was also scathing about the attack on the policy planned for next week by the technical section of the Engineers, which it said seemed to be wedded to free collective bargaining in the present state of the country even if this meant "collapse of the economy."

Meanwhile, union leaders' hopes that the Government's attempts to sell its policy to the country would be stepped up here by an address from Mr. Michael Foot, Employment Secretary, have been dashed.

Mr. Foot was expected to address an eve-of-congress rally arranged by the Left-wing Tribune newspaper for tomorrow night, where other speakers will include Mr. Jack Jones of the Transport Workers.

But Mr. Foot has surprised Left-wing union leaders by deciding not to speak at the rally and not even to visit Blackpool during the Congress. This week-end he is in his Ebbw Vale constituency.

Chrysler, Leyland worker participation progress

BY CHRIS BAUR AND ROY ROGERS

WIDE-RANGING proposals for introduction of workers' participation in the running of two of the country's major motor manufacturers—British Leyland and Chrysler U.K.—made significant progress yesterday, and both schemes remain on schedule for implementation at the end of the year.

After a three-hour meeting at the company's Scottish plant in Linwood, more than 40 Chrysler stewards announced they were "prepared to give a commitment to the company to continue discussions on the four objectives of the employee-participation programme in a meaningful manner with a view to reaching agreement."

As reported last week, the four objectives are the offer of two employees' seats on the company's Board together with workers' representation on key plant and national decision-making bodies; a share in profits; replacement of the present disputes procedure agreements

with a system of arbitration within the company; and replacement of plant-level wage bargaining with national pay negotiations.

The shop stewards' agreement in principle means all workers qualify for a lump sum payment of £50. An additional £50 has been offered if there is final agreement on a detailed programme by the end of this year.

A Chrysler spokesman said arrangements to pay the first £50 instalment were being made. "A further meeting of the joint working party representing some 116,000 car workers is to be held early next month with a view to finalising the composition and terms of reference of the three-tier system of joint committees and councils proposed by British Leyland."

The principal reservations concerned the proposals to abolish existing disputes procedures and plant level wage bargaining.

Meanwhile, a three-day session of intensive negotiations between British Leyland car division management and leading shop stewards ended in Coventry yesterday with a joint statement that "substantial" progress had been made on the implementation of industrial democracy proposals accepted in principle by the company's shop stewards earlier this month.

A further meeting of the joint working party representing some 116,000 car workers is to be held early next month with a view to finalising the composition and terms of reference of the three-tier system of joint committees and councils proposed by British Leyland.

NVT men seek probe on Manganese Bronze

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

A CALL for a Government inquiry into the operations of Manganese Bronze, holding company of the Norton Villiers Triumph motorcycle interests, was endorsed yesterday by a mass meeting of workers at the company's Wolverhampton plant, now in the hands of the liquidator.

The demand for an inquiry is in a letter to Mr. Eric Varley, the Industry Secretary, from Mr. John Boyd, general secretary of the Amalgamated Union of Engineering Workers, which has several hundred members at NVT's Birmingham and Wolverhampton plants who are likely to be hit by closure and redundancy.

Mr. Boyd has asked for an examination covering the past five years and recalls that the company has received more than £15m. in grants, loans and export guarantees. He accuses Manganese Bronze of pursuing a policy in certain areas of having off assets. This policy has been inhibited by the formation of the Meriden Motor Cycle Co-operative, he said.

The co-operative operates a factory NVT tried to close in September 1973, shortly after the public money and guarantees it had been given; (2) That the Government draw up a plan for a "viable nationalised motor cycle industry."

After being refused further

Government money in July—NVT had asked for at least £30m.—the Wolverhampton plant, employing 1,300 making Norton Commando motorcycles and industrial engines, was put into liquidation. Yesterday the first batch of redundancy notices was issued at the Small Heath, Birmingham, factory making Triumph Tridents, where the 1,500 workers are expected to be down to about 300 before the end of the year.

While Small Heath has virtually accepted the basic redundancy terms offered, the Wolverhampton employees are fighting to reopen it, possibly under some form of communal co-operative.

Three-point plan

At a mass meeting at the factory yesterday, attended by more than 1,000, Mr. Bob Wright, regional representative on the AUEW executive, said all the main unions fully supported their members.

It was decided to pursue a three-point programme. (1) To ask the Government to create a holding position; (2) To mount a thorough investigation into the affairs particularly about the public money and guarantees it had been given; (3) That the Government draw up a plan for a "viable nationalised motor cycle industry."

Army-led takeover ousts President Velasco of Peru

BY HUGH O'SHAUGHNESSY

GENERAL JUAN VELASCO ALVARADO, President of Peru since 1969, was ousted in an Army-led coup here this morning. The coup came during the meeting of Foreign Ministers from non-aligned countries which Gen. Velasco opened four days ago.

A statement said the coup was against the "personalism of Gen. Velasco" and the "lack of understanding of the historic role of the armed forces."

General Velasco is expected to strengthen the Left-wing tendency in the Government and impose a more radical and coherent stamp on the policies of the armed forces which, in the opinion of many people, have been wavering and less than coherent during the recent illnesses of Gen. Velasco.

Civil Service 'industrial amateurs'

BY DAVID FISHLOCK, SCIENCE EDITOR

A STERN WARNING to the Government of the dangers of encouraging senior civil servants to play at being "captains of industry" was delivered yesterday by a former chief scientific adviser to the Government.

Although "skilled at their own very demanding jobs," civil servants had had no preparation for the very different, but equally demanding and highly professional skills of making marketing and selling goods.

Sir Alan Cottrell told the British Association at Guildford. Sir Alan, who relinquished his Cabinet Office post last year to return to Cambridge as Master of Jesus College, likened the Government's enthusiasm for giving "amateurs" powers over commercial and industrial operations to Mr. Groucho Marx's distinguished amateur brain surgeon, "in whose hands 'few of us I imagine would wish to place ourselves.'"

Unless the Government's industrial investments were made by a semi-independent body, such as the now-defunct Industrial Mortgage Corporation, it could lead, Sir Alan believed, only "to a slackening of commercial drive, a discounting of business skills, a fostering of economically unsound activities and, in consequence, an erosion of the national competitive position."

Britain was "fairly tolerant" of inefficiencies in the public sector, brought about by bureaucratic controls, Ministerial interventions and non-commercial reasons. But her overseas customers had to take the same self-indulgent attitude towards our exporting industries if these fail to deliver the right goods at the right time and price.

On the manufacturing sector of the economy, Sir Alan said, a rapid change in Britain's industrial efficiency, so great was the change required, said Sir Alan, who was chairman of a discussion on the contribution of science to the national economy. But a Government investment, "provided it was directed towards technically promising and commercially feasible ventures, and its products were industrial improvement pure and simple, could have a useful pump-priming effect."

Manufacturing industry, he added, with an output of about £20bn. a year and an average lifespan for a product line of ten years, had to generate about £2bn. of new product sales each year simply to replace its technologically obsolescent and unsaleable products.

It meant that every day its investment in the development, manufacture and marketing of new products had to be great enough to generate additional sales of new products worth about £8m.

Even in the past, British industry's rate of investment had been great enough to exploit only about one-fifth of the fruits of the development effort. "We suffer the irony that, in one of the most intensely scientific countries in the world, important parts of our industry cannot help but be behind technically, because they cannot afford to invest in more than a fraction of the fruits of technology."

But his figures, he said, related to the relatively brief history of the development effort. "We suffer the irony that, in one of the most intensely scientific countries in the world, important parts of our industry cannot help but be behind technically, because they cannot afford to invest in more than a fraction of the fruits of technology."

Further, the Government's figures show that even today its new programme under way will require total credit in 1976 of £m.2,200, some 20 per cent more than in 1975. This credit need should be cut to £m.2,200 in 1977 and £m.1,200 in 1978.

Credit snags

However, already this year the Government has run into considerable difficulties in meeting its borrowing needs. It has been able to do so on the current scale at all only because of the very high level of personal savings and the economic recession, which has meant a falling demand for credit from the private sector.

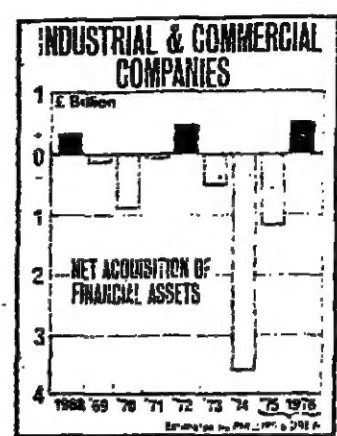
Assuming some economic upturn appears in 1976, then the Government, as well as the Landlord and municipalities, will collide with the private sector's renewed credit needs. The upshot could be a surge in interest rates and, in turn, a damper on the housing even as it begins to emerge.

THE LEX COLUMN

The stock market and Sandilands

Index rose 5.2 to 327.6

already allowed tax relief on most of their stock appreciation, and the free depreciation rules allow further tax relief on tax deferral. Brokers Phillips and Drew have calculated that over two-fifths of major com-



Eve of Sandilands

Next Thursday the Sandilands Committee at last presents its report on inflation accounting. The committee's judgment is eagerly awaited by accountants and financial directors, and its long-run implications for the stock market are likely to be substantial. In some respects it could have an immediate impact on certain sectors. At the same time, interpretation of the report—said to be extremely lengthy—is likely to be a tricky process, and it is anything but a foregone conclusion that its recommendations will be fully accepted by Government or by industry.

Indeed, acceptability may be the biggest hurdle the Committee has to jump. The efforts by the accounting bodies to impose their provisional inflation accounting standard have met with mixed results, and in the U.S. the Securities and Exchange Commission has now challenged similar moves by the accounting profession there. The Sandilands Committee may not find it very much easier to settle a longstanding argument, but at least the accountants, bringing the advantages of current value methods, show signs of flexibility.

In the two years since the Sandilands Committee was set up the retail price index has soared by almost 50 per cent, and the corporate sector has plunged into massive financial deficit. So the Government has already had to make some of the decisions upon which the Committee was asked to give guidance—companies are

panies already pay an U.K. corporation tax apart from ACT on dividends.

Official estimates suggest that the yield of corporation tax will be only £2.1bn. in 1975-76 against £2.3bn. in 1974-75. Over the same period income-tax, in contrast, will have risen from £7.1bn. to £14bn. The stock market should not expect the monetary losses which suffer. This is a way to the ha which are holders of net assets must come in the favour of investment.

Share prices
In the short run the Sandilands Report is unlikely to have any great impact on share prices. There is a two-way effect to the extent that where reports cast a favourable light on real profits in any particular sector it is also likely to recommend an increase in the burden.

But in the longer term report could have a vital positive effect on the equity market. The response of the Price Commission—which still obstinately works on historic cost figures will be important here. I object is to ensure that a serious erosion in recent years of real profitability—what produced the cash crisis in industry—will be reversed, a never repeated in any future surge of inflation.

Monetary gains

Much depends on the Committee's view of the notion of monetary gains which can be said to accrue when companies

Continued from Page 1

German deficit

tobacco and spirits taxes be increased in 1976, but that is also General Election year, and the proposal was overruled.

Considerable question marks hang over the programme, not least regarding the rate of economic growth on which the Government has based its calculations, and on how the State will be able to find the credit it needs, even assuming its economic hopes prove well-founded.

Herr Friederichs made clear today the Government had worked on the basis of a growth of gross national product in nominal terms next year of 9.5 per cent. This year the growth rate in real terms is expected to be between minus 3 and minus 4 per cent, so that a very considerable turnaround will be required. A report released today by the Economics Ministry said there was no sign yet of an early economic upturn. The economy had stabilised at a low level of demand.

Further, the Government's figures show that even today its new programme under way will require total credit in 1976 of £m.2,200, some 20 per cent more than in 1975. This credit need should be cut to £m.2,200 in 1977 and £m.1,200 in 1978.

Assuming some economic upturn appears in 1976, then the Government, as well as the Landlord and municipalities, will collide with the private sector's renewed credit needs. The upshot could be a surge in interest rates and, in turn, a damper on the housing even as it begins to emerge.

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